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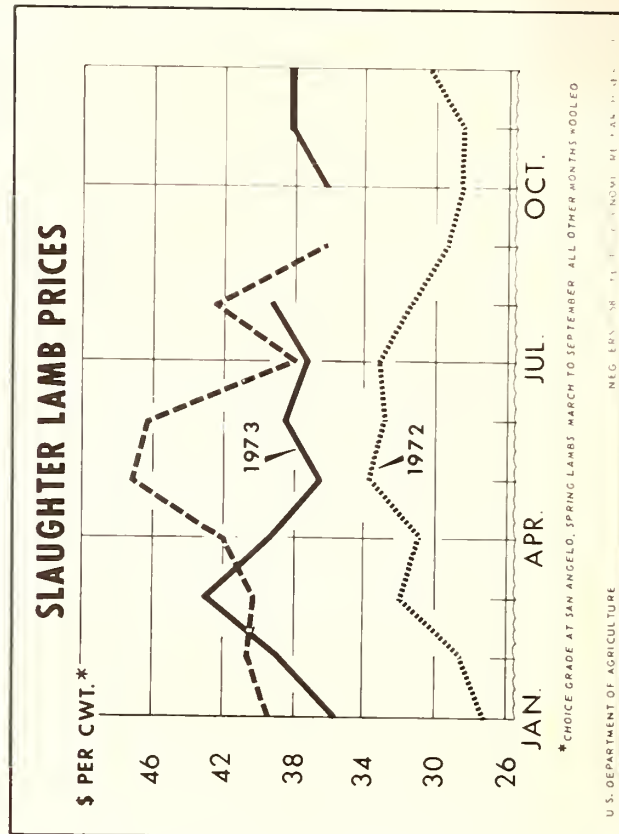
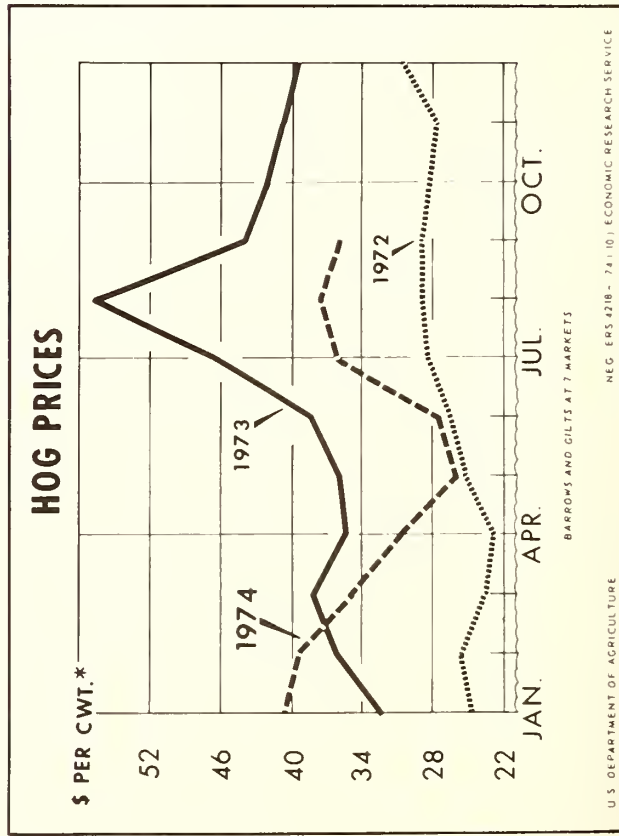
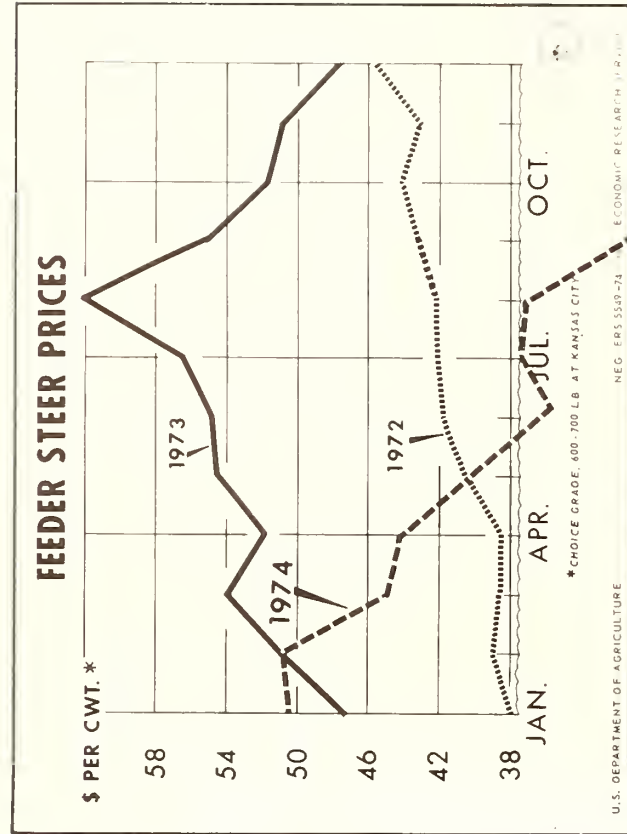
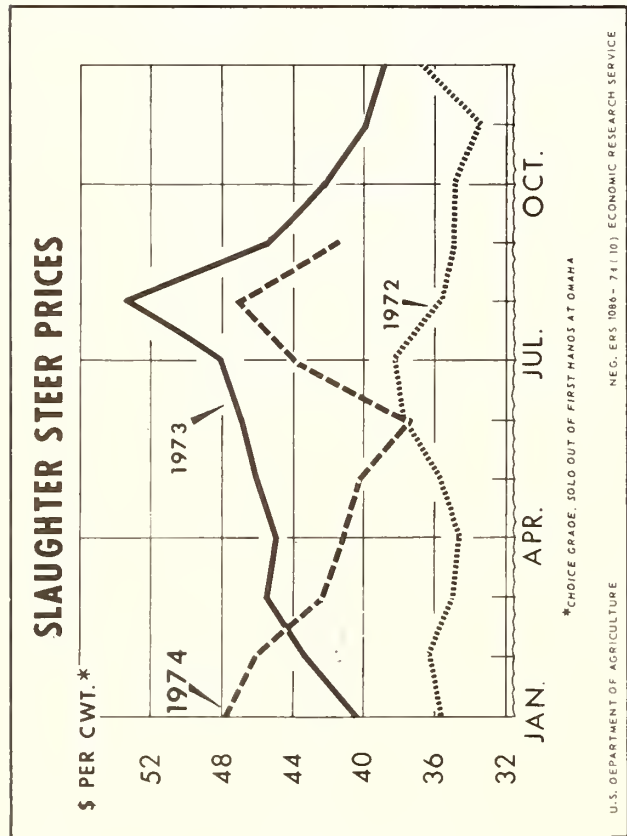
OCTOBER 1974

LIVESTOCK AND MEAT Situation



U.S. DEPT. OF AGRICULTURE
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LIVESTOCK AND MEAT SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
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The *Livestock and Meat Situation* is published in February, May, July, August, October, and November.

SUMMARY

Feed supplies and prices are the critical concerns to the livestock industry in the months ahead. Prospects for reduced feed grain and soybean output have resulted in rising feed prices and cutbacks in livestock feeding. Hog producers are planning to farrow the fewest number of sows this fall since 1965. Numbers of cattle on feed are the fewest in over 6 years and poultry production is being cut a tenth.

However, since it takes time for hog producers to respond to the changing feed situation, hog slaughter this fall will continue to run moderately above a year ago. Hog prices are expected to average lower than summer as slaughter increases seasonally. But look for smaller supplies and higher prices next year. On September 1 there were 7 percent fewer hogs in the lighter weight groups that will make up the bulk of winter slaughter supplies. Farrowing intentions suggest even further cutbacks in spring slaughter. Average slaughter weights will run under the record levels of last winter and spring. The combination of reduced numbers slaughtered and lighter slaughter weights in the first half of 1975 could drop pork output 10-15 percent below January-June 1974.

These slaughter patterns and production levels suggest seasonally declining prices for hogs this fall, followed by a strong market into mid-1975.

Cattle slaughter this fall is running moderately above both year-earlier and summer levels, with all of the increase in cows, and steers and heifers with little grain feeding background. Grain-fed cattle slaughter is trailing last fall but probably will total a little larger than in the summer. Average cattle slaughter weights are now lighter than in the summer or a year ago.

Fed cattle prices this fall likely will average below the \$44 summer average of Choice steers at Omaha but above the \$40 October-December 1973 average. Prices are expected to strengthen some in the first half of 1975 as marketings of cows and nonfed steers and heifers decline when pastures green up again, and pork and poultry output declines.

Feeder cattle supplies are large but prices are not expected to drop much below current levels, especially

in the South and Southeastern States. Short-run demand for feeder cattle could improve if the profit outlook for cattle feeders improves. Feeder prices may strengthen seasonally next winter and spring as the heavy seasonal run subsides.

Pastures have improved in the East and Southwest, but hay supplies are down from last year and dry conditions persist in the range areas of the West. If there is an open winter, carryover in grazing areas of calves, yearlings, and cows into next year will be very large but

heavy snows would force more cattle to be marketed and push prices lower than now expected.

Lamb slaughter will run under year-earlier levels through the balance of 1974 and through the first half of next year. Slaughter lamb prices may average near or above year-earlier levels this fall but rising feed prices will keep feeder lambs lower. Lamb prices early next year will run near this year's first half average with large beef supplies mostly offsetting the effect of smaller lamb marketings.

SITUATION AND OUTLOOK

Commercial Meat Production

	1973				1974				1975
	I	II	III	IV	I	II	III ¹	IV ²	I ²
Beef (Mil. lbs.)	5,393	5,049	4,997	5,649	5,429	5,637	5,800	6,000	5,800
Percent change from									
Year earlier	0	-9	-10	-1	+1	+12	+16	+6	+7
Previous quarter	-6	-6	-1	+13	-4	+4	+3	+3	-3
Pork (Mil. lbs.)	3,262	3,178	2,791	3,347	3,370	3,540	3,250	3,500	3,100
Percent change from									
Year earlier	-7	-6	-9	-5	+3	+11	+16	+5	-8
Previous quarter	-7	-3	-12	+20	+1	+5	-8	+8	-11
Lamb and Mutton (Mil. lbs.)	126	127	128	123	120	108	118	112	110
Percent change from									
Year earlier	-11	-2	+3	-10	-5	-15	-8	-9	-8
Previous quarter	-8	+1	+2	-4	-2	-10	+9	-5	-2

Livestock Prices

	1973				1974				1975
	I	II	III	IV	I	II	III	IV ²	I ²
Choice steer, Omaha	43.17	46.00	49.04	40.20	45.40	39.52	44.21	42-44	43-45
Barrows and gilts, 7 markets	35.62	36.67	49.04	40.96	38.40	28.00	36.55	33-35	38-40
Slaughter lambs, 5 markets	38.25	36.00	36.63	35.00	39.66	45.40	37.97	38-40	40-42

¹ Preliminary. ² Forecast.

SMALLER FEED SUPPLY

Feed supplies for the upcoming marketing year will be substantially smaller than last year. Adverse weather conditions reduced 1974 feed grain crops sharply below early expectations. Prospects on September 1 were for feed grain production 14 percent below 1973. Carryover stocks at the beginning of 1974/75 were the lowest in many years. Therefore, feed grain supplies were expected on September 1 to be 17 percent smaller than in 1973/74 and domestic usage, exports and carryover will be down. The October 1 estimate of feed grain

production was 6 percent below the September 1 estimate because of early frost in parts of the midwest which damaged late maturing corn. There also was damage to the soybean crop. Hay supplies will be around 10 percent smaller. Prospects for winter pasture and ranges are down from last year and below average in the western third of the country.

Of the 156 million tons of feed grains fed to livestock last year, approximately 32 percent went to hogs, 29 percent to beef cattle, 12 percent to dairy cows, 17 percent to poultry, and 10 percent to other feed uses. This year it appears there may be 10-15 percent less

grain available for livestock feeding than in 1973/74. A 7 percent smaller fall pig crop this year, and further reductions in next spring's crop will lower feed requirements on the hog side. Also, requirements for dairy cattle and poultry will be smaller. The beef industry, where there are record numbers of feeder cattle in contrast to cutbacks in the other classes, will also adjust to smaller supplies of grain. Such adjustments will be made by feeding fewer cattle and/or feeding less grain per animal to those that are fed.

Feed grain prices will be strong in 1975, and prices in late spring and summer will be affected by prospects for the 1975 crop. However, the profit-loss situation in livestock feeding will improve largely because of a reversed relationship between prices of feeder animals and slaughter animals. During most of the past 12 months, yearling feeder steers cost \$10 to \$15 per 100 pounds more than they brought on the slaughter market. Conditions suggest that feeder cattle will sell below the slaughter market in the year ahead.

EMERGENCY LIVESTOCK LOANS

The Farmers Home Administration now guarantees loans made by banks or other legally organized lenders to ranchers and farmers in the livestock business to permit them to maintain their operation. This loan guarantee program will be in effect through July 25, 1975. It may be extended for 6 months if the Secretary of Agriculture determines that it is needed to help the livestock industry obtain sufficient credit. The Emergency Livestock Credit Act of 1974 (P.L. 93-357) which was enacted on July 25, 1974, provides the authority for these loan guarantees.

Loans can be made to individuals, partnerships and corporations who are established, bona fide farmers and ranchers in the United States. Borrowers must be primarily and directly engaged in breeding, raising, fattening or marketing their own beef or dairy cattle, hogs, sheep, goats, chickens or turkeys.

If the loan is made to a corporation or partnership, the borrower itself and the partners or stockholders holding a majority interest in the corporation or partnership must be primarily and directly engaged in a livestock operation. "Primarily engaged in a livestock operation" means that the loan applicant and any stockholders or partners holding a majority interest derive a majority of gross income from and devote a majority of time to livestock operations. Loans will not be guaranteed if applicants can secure credit without the guarantee.

FmHA can guarantee up to 80 percent of losses on loans made by lending institutions. No fees will be charged by FmHA for the guarantee. The total loans guaranteed for a borrower cannot exceed \$250,000.

Funds may be used for agricultural production purposes essential to conducting livestock operations,

including replacing livestock, providing feed, paying usual charges for grazing permits or use of land and buildings, providing farm machinery, moving livestock, and for building or repairing pens and fences. Loans cannot be used to expand livestock operations.

Debts can be refinanced if absolutely necessary to enable the borrower to remain in business, needed credit is not available without the guarantee, and the lending agency is not currently refinancing similar loans to others without the guarantee.

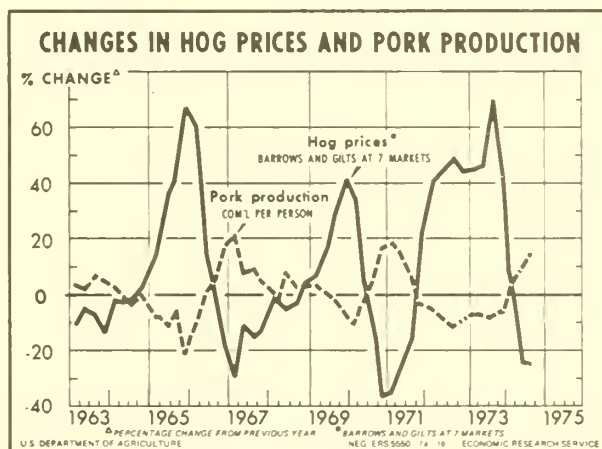
The interest rates will be those agreed upon by the lender and the borrower. Maximum repayment terms for these loans will be 3 years, with possible renewal for up to two additional years.

Loans guaranteed under this Act shall be adequately secured by liens on livestock, other chattels, real estate, or additional property.

Applicants should contact banks or other lenders. When amount of loan, terms of repayment, interest rates, and other details are completed, the lender may request the FmHA office serving the area where the livestock operations are conducted to issue a guarantee. The lender will process the application, close the loan, and service it to final settlement.

HOGS

Commercial hog slaughter through September this year was up 7 percent from 1973 but was 4 percent below the 1972 level. All of the increase occurred during the spring and summer. Hog slaughter this fall is expected to remain above last year but the margin of increase will narrow from spring and summer gains. The total for 1974 may be near 83 million head, up 8 percent from last year.



Barrows and gilts at 7 markets averaged \$34.30 per 100 pounds during January-September, down from the \$40.45 average during the first three quarters of 1973. Prices this year have fluctuated greatly, from near \$41 in mid-January to about \$23 in June and then back up to

\$39 in August. Barrows and gilts averaged \$40.27 in the full year 1973. This year they may average around \$34.

Hog prices per 100 pounds, 7 markets¹

Month	Barrows and gilts			Sows		
	1972	1973	1974	1972	1973	1974
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Jan.	24.84	32.54	40.59	20.41	26.39	33.93
Feb.	25.61	36.23	39.73	22.90	31.22	34.21
Mar.	23.56	38.13	34.88	21.43	34.47	31.42
Apr.	22.89	35.56	30.52	20.89	32.33	26.60
May	25.32	36.35	26.09	22.12	32.46	21.52
June	26.78	38.55	27.40	22.43	33.87	21.37
July	28.57	46.64	36.31	23.59	40.56	28.12
Aug.	28.86	56.68	37.56	25.22	50.62	29.66
Sept.	29.10	43.79	35.79	25.92	40.34	29.04
Oct.	28.09	42.12		25.05	37.66	
Nov.	27.79	40.97		23.04	36.14	
Dec.	30.78	39.79		24.26	32.53	
Av.	26.67	40.27		23.26	35.94	

¹ Average for all weights at Midwest markets.

Summer Developments

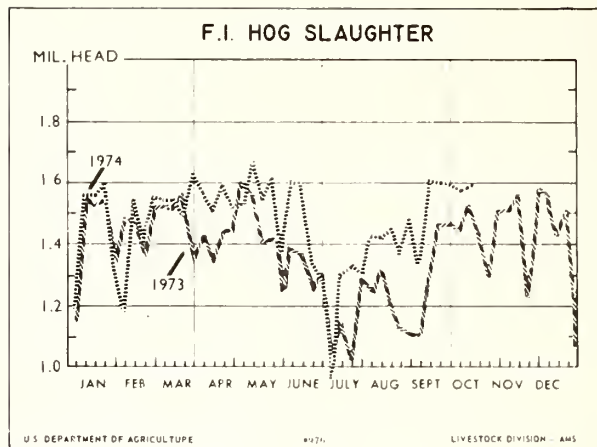
The drought-induced short corn crop this year will significantly reduce hog slaughter beginning in early 1975, and reduction in slaughter could continue through mid-1976. The feed grain supply for the new crop year that began October 1 is estimated to be down about 17 percent from last year. Many hog farmers are also grain farmers, and some have already decided to sell their corn on what is expected to be a higher cash market and cut back, or liquidated their hog operations.

Sow slaughter increased sharply this summer as high feed prices began to materialize. September 1 farrowing intentions suggest a substantial cutback in the June-November pig crop which provides first half 1975 hog slaughter. Although hog prices will be strengthening early next year, feed prices will also likely remain high enough to cause some reduction in the December-May pig crop, which will account for the bulk of second half slaughter next year.

Even if next year's grain harvest is larger and corn prices trend lower after midyear, fall farrowings in 1975 will likely remain relatively low. Traditionally, hog farmers have not begun to expand farrowings during the fall months. Also, they have not usually increased their breeding plans until after corn prices have dropped. Anticipation of lower corn prices has seldom resulted in expansion. In the event of a bumper harvest in 1975, hog producers might begin significant expansion with a larger 1976 spring pig crop. This could pave the way for substantial increase in hog slaughter during the second half of 1976.

Summer Prices Up

Hog prices rebounded sharply from June lows of near \$23 per 100 pounds to a mid-August peak near \$39 A



strengthening cattle market and seasonally smaller hog slaughter contributed to the price strength.

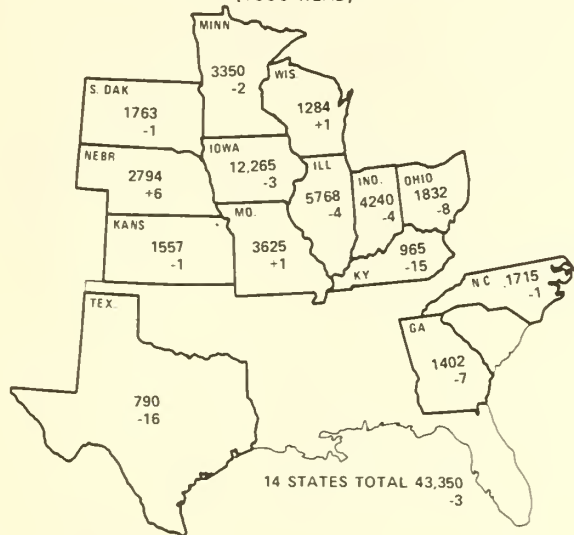
July-September commercial hog slaughter totaled near 19.7 million head, up about 17 percent from last year but 6 percent fewer than in April-June. Hog slaughter during the third quarter was slightly higher than previously expected based on the number of market hogs that were on farms in the heavyweight groups last June. Nearly all of the increase above expectations was due to liquidation of breeding stock during the summer in response to deteriorating grain crop conditions.

Sow slaughter began to increase significantly in June, when Federally inspected sow slaughter exceeded year-earlier levels by 22 percent. In July sow slaughter was up 25 percent and in August up 55 percent. During some weeks in August and September, after the full impact of the summer drought became known, sow marketings jumped as much as 70 to 80 percent above year-earlier levels at the 7 major terminal markets. The percentage increases in sow slaughter are rather dramatic in comparison with 1973 when sow slaughter reached a record low. Nevertheless, sow slaughter in August was the largest in over 10 years.

The extent of breeding stock liquidation is illustrated by the September 1 inventory of hogs and pigs. Market hog inventories in the 14 major hog producing States were only down 3 percent from a year earlier, while breeding stock numbers dropped 10 percent. Georgia, Illinois, Kentucky, Minnesota, Nebraska and Texas cut their breeding stock by more than 10 percent. Iowa, the largest hog producing State, cut back by 7 percent.

Apprehension about future feed grain and livestock prices was probably responsible for most of the liquidation. Corn prices rose during the summer but so did market hog prices. The hog-corn price ratio did not show much change from previous months and has run mostly between 10 to 1 and 12 to 1 since early this year. And the profitability of hog feeding this summer was not the

MARKET HOGS ON FARMS SEPTEMBER 1974 AND PERCENT CHANGE FROM PREVIOUS YEAR (1000 HEAD)

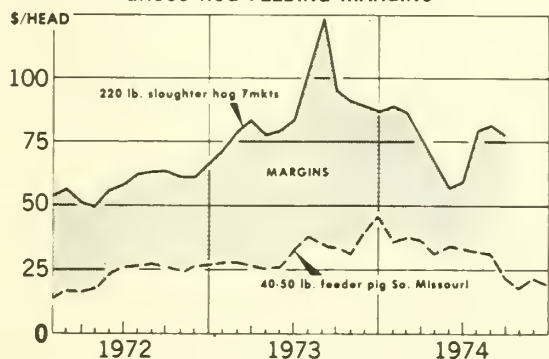


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Hog-corn price ratio, Omaha basis

Month	1971	1972	1973	1974
January	11.0	19.7	21.5	14.8
February	13.2	20.6	23.3	13.4
March	11.6	19.0	25.4	12.5
April	11.3	18.2	23.4	12.1
May	11.8	19.7	19.5	10.2
June	12.2	21.5	16.9	10.0
July	13.9	22.8	19.9	11.2
August	15.1	23.5	20.8	10.5
September	16.3	22.6	18.4	10.3
October	17.2	21.8	17.8	
November	16.7	20.6	16.9	
December	16.6	20.5	15.7	
Average	13.6	20.6	19.3	

GROSS HOG FEEDING MARGINS*



* CURRENT SLAUGHTER HOG PRICES PER HEAD COMPARED WITH FEEDER PIG PRICES PER HEAD 4 MO. EARLIER

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principal basis for such pessimism about the future. Expectations of rising corn prices following the August crop report seem to be the main factor in farmers' decisions to reduce farrowings. Also, many hog farmers raise their own feed, and are reducing their hog numbers in line with their expected harvest.

Gross hog feeding margins¹

Year	Hogs 7 markets \$1 per head	Feeder pigs So. Missouri \$1 per head	Margins \$1 per head
1972			
January	54.65	14.34	40.31
February	56.34	16.94	39.40
March	51.83	16.62	35.21
April	50.36	18.33	32.03
May	55.70	24.69	31.01
June	58.83	26.25	32.58
July	62.85	26.94	35.91
August	63.49	27.63	35.86
September	64.02	26.63	37.39
October	61.80	24.56	37.24
November	61.14	26.50	34.64
December	67.72	26.00	41.72
1973			
January	71.59	27.85	43.74
February	79.71	28.63	51.08
March	83.89	26.50	57.39
April	78.23	25.56	52.67
May	79.97	26.38	53.59
June	84.81	33.60	51.21
July	102.61	38.69	63.92
August	124.70	34.97	89.73
September	96.34	34.81	61.53
October	92.66	31.90	60.76
November	90.13	40.81	49.32
December	87.54	45.50	42.04
1974			
January	89.30	36.75	52.55
February	87.41	38.25	49.16
March	76.74	37.10	39.64
April	67.14	32.33	34.81
May	57.40	34.70	22.70
June	60.28	33.25	27.03
July	79.88	32.50	47.38
August	82.63	32.18	50.45
September	78.74	22.10	56.64

¹ Current 220 lb. Slaughter Hog compared with a 40-50 lb. Feeder Pig purchased 4 months earlier.

Fall Slaughter to Continue Above Year Earlier

The 10 Corn Belt States account for nearly 75 percent of the total U.S. hog inventory. On September 1 these States reported about 18.5 million market hogs on farms in weight groups (60-180 pounds) that will supply the bulk of October-December hog slaughter. This is about the same number as a year earlier and 1 percent more than 1972. If hog slaughter patterns this fall follow the more normal 1972 patterns as they have earlier this year, commercial hog slaughter could be just slightly above the October-December 1972 level and up 7

Table 1.—Corn Belt Hog Feeding¹Selected costs at current rates²

Purchased during Marketed during	Sept. Jan. 74	Oct. Feb.	Nov. Mar.	Dec. Apr.	Jan. 74 May	Feb. June	Mar. July	Apr. Aug.	May Sept.	June Oct.	July Nov.	Aug. Dec.	Sept. Jan. 75
	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head
<i>Expenses</i>													
40 lb. feeder pig	36.75	38.25	37.10	32.33	34.70	33.25	32.50	32.19	22.10	17.31	21.50	18.90	18.75
Corn (11 bu.)	23.21	23.21	24.20	26.40	28.60	30.69	29.37	26.29	27.06	28.60	32.78	37.29	36.19
Protein supplement (130 lb.)	17.29	16.12	14.89	16.58	16.64	15.60	14.43	13.52	12.42	11.96	12.48	15.80	13.98
Labor & management (1.3 hrs.)	5.67	5.75	5.75	5.75	5.88	5.88	5.88	5.98	5.98	5.98	6.14	6.14	6.14
Vet medicine ³	1.21	1.22	1.23	1.24	1.28	1.29	1.30	1.33	1.34	1.34	1.36	1.40	1.42
Interest on purchase (4 mo.)	1.04	1.18	1.14	.99	1.10	1.05	1.03	1.13	.77	.61	.75	.66	.66
Power, equip, fuel, shelter, depreciation ³	2.95	2.96	2.98	3.02	3.10	3.14	3.16	3.24	3.25	3.27	3.30	3.40	3.44
Death loss (4% of purchase)	1.47	1.53	1.48	1.29	1.39	1.33	1.30	1.29	.88	.69	.86	.76	.75
Transportation (100 miles) .....	.42	.44	.44	.44	.44	.44	.44	.46	.46	.46	.46	.46	.46
Marketing expenses	1.08	1.08	1.08	1.08	1.10	1.10	1.10	1.10	1.10	1.10	1.12	1.12	1.12
Miscellaneous & indirect costs ³ .....	.30	.30	.31	.31	.32	.32	.33	.33	.33	.33	.34	.35	.35
Total	91.39	92.04	90.60	89.43	94.55	94.09	90.84	86.86	75.69	71.65	81.09	86.28	83.26
<i>Selling price/cwt. required to cover</i>													
feed and feeder costs (220 lbs.)	35.11	35.26	34.63	34.23	36.34	36.15	34.68	32.73	27.99	26.30	30.35	32.72	31.33
Selling price/cwt. required to cover all costs (220 lbs.)	41.54	41.84	41.18	40.65	42.98	42.77	41.29	39.48	34.40	32.57	36.86	39.22	37.85
Feed cost per 100 lb. gain	22.50	21.85	21.72	23.88	25.13	25.72	24.33	22.12	21.93	22.53	25.14	29.49	27.87
Barrows and gilts 7 markets/cwt.	40.59	39.73	34.88	30.52	26.09	27.40	36.31	37.56					
Net margin/cwt.	-.95	-2.11	-6.30	-10.13	-16.89	-15.37	-4.98	-1.92					
<i>Prices</i>													
40 lb. feeder pig (So. Missouri)	36.75	38.25	37.10	32.33	34.70	33.25	32.50	32.19	22.10	17.31	21.50	18.90	18.75
Corn ⁴ /bu.)	2.11	2.11	2.20	2.40	2.60	2.79	2.67	2.39	2.46	2.60	2.98	3.39	3.29
29% protein supplement ⁵ /cwt.	13.30	12.40	11.45	12.75	12.80	12.00	11.10	10.40	9.55	9.20	9.60	12.15	10.75
Labor and management ⁶ /hr.	4.36	4.42	4.42	4.42	4.52	4.52	4.52	4.60	4.60	4.60	4.72	4.72	4.72
Interest rate (annual)	8.50	9.22	9.22	9.22	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50
Transportation rate (/cwt. 100 miles) ⁷ .....	.19	.20	.20	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21
Marketing expenses ⁸	1.08	1.08	1.08	1.08	1.10	1.10	1.10	1.10	1.10	1.10	1.12	1.12	1.12
Index of prices paid by farmers (1910-14=100)	512	514	518	524	538	545	549	562	564	568	573	590	598

¹ Although a majority of hog feeding operations in the Corn Belt are from farrow to finish, relative fattening expenses will be similar. ² Represents only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the

experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. ³ Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates.

⁴ Average price received by farmers in Iowa and Illinois. ⁵ Average prices paid by farmers in Iowa and Illinois. ⁶ Assumes an owner-operator receiving twice the farm labor rate. ⁷ Converted to cents/cwt. from cents/mile for a 44,000 pound haul. ⁸ Yardage plus commission fees at a midwest terminal market.

Market hogs and pigs by weight groups,
September 1, 14 selected States

Weight group	1972 ¹	1973	1974	Change from 1973
	1,000 head	1,000 head	1,000 head	Percent
Under 60 lbs.	15,305	17,865	16,597	-7
60-119 lbs.	10,089	11,763	11,654	-1
120-179 lbs.	8,296	9,115	8,978	-2
180-219 lbs.	4,596	4,880	5,050	+3
220 lbs. +	865	988	1,071	+8
Total	39,151	44,611	43,350	-3

¹ 10 States.

percent from last year. Further liquidation of breeding stock could push slaughter higher.

With fall hog slaughter increasing seasonally 10-12 percent from summer, hog prices are expected to run below summer prices and average near \$33-\$35. Prices could be lower if supplies of competing meats, especially lower grade beef, are larger than now expected.

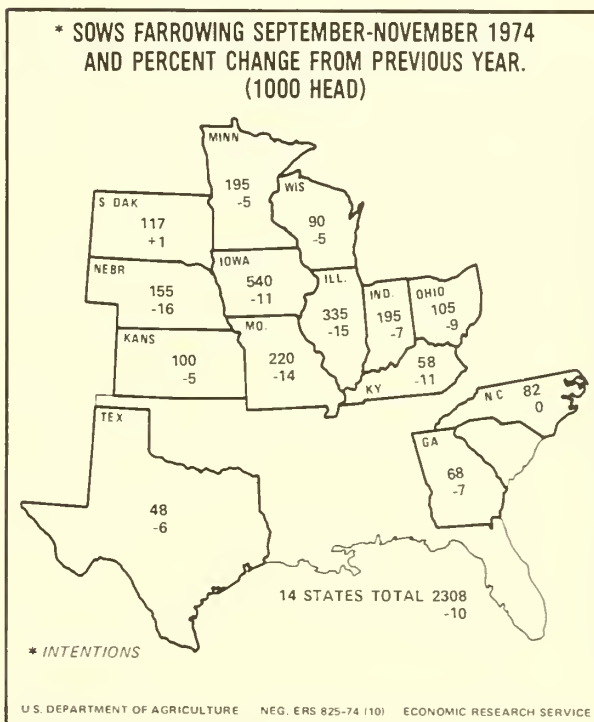
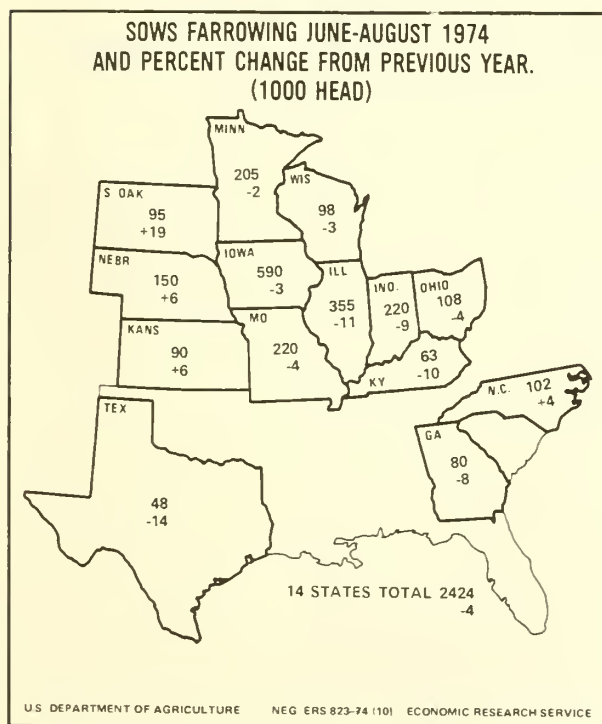
High corn prices this fall would discourage farmers from feeding to the unusually heavy slaughter weights of last year and earlier this year. As a result, pork production is not expected to increase as much as hog slaughter.

Prices Up Next Year

Hog slaughter in early 1975 will come largely from the June-August pig crop. These are mostly the market hogs on farms September 1 weighing less than 60

pounds. The number of market hogs on hand September 1 in this weight group was down 7 percent from 1973 and 6 percent below 1972. Thus, reductions in commercial hog slaughter during January-March 1975 of at least 7 percent appears likely. Slaughter would be down 10-15 percent from October-December. Prices will likely strengthen, moving from the low \$30's this fall to the mid to upper \$30's next winter. High corn and feed prices will mean lighter average slaughter weights. They could be down from early 1974 levels. This would reduce commercial pork production next January-March by about 8 percent from year-earlier levels.

Even further cutbacks in hog slaughter are likely for the second quarter next year. April-June slaughter will be largely provided by the September-November pig crop. Intentions for farrowings during September-November suggest a 10 percent cut. Last June, farmers had planned only a 2 percent cut in farrowings during this period. The more recent intentions appear more realistic, considering the 10 percent reduction in breeding stock that had already taken place prior to September 1.



It would be difficult for farmers to boost farrowings during September-November from their earlier plans since they have already liquidated some breeding stock. But they could cut further by selling more pregnant sows during the fall, like they did during the summer. Intentions to cut back on sow farrowings, as reported in the September pig crop report, were made around September 1 when corn prices were lower and hog prices

higher than current levels. Sow slaughter during September still ran well above a year earlier. Much further liquidation of sows may seem unlikely at this time given the number already slaughtered, but lower market hog prices this fall and rising feed prices could increase that likelihood.

On balance, the September-November pig crop may be reduced more than the 10 percent that was planned on September 1, dropping hog slaughter next spring more than 10 percent. Pork production would be down more than slaughter. Unlike what happened last year, hog slaughter usually declines seasonally from the first to second quarter and will likely do so again in 1975. If it does decline further next spring, hog prices will continue to rise seasonally. A strengthening cattle market and reduced broiler output could further fuel the price rise. First half 1975 commercial hog slaughter at around 37 million head would be the smallest since 1966.

Feeder Pigs

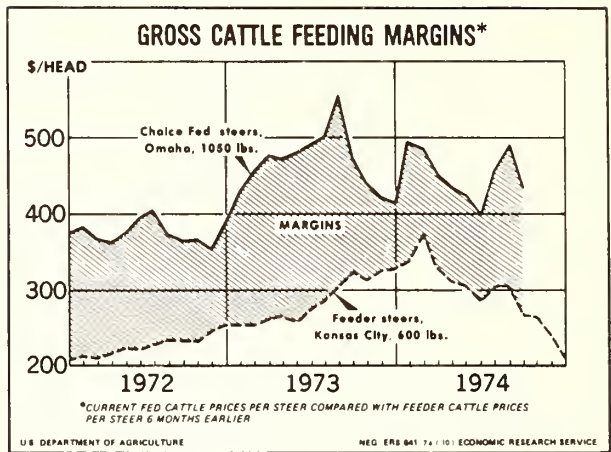
The feeder pig market remained depressed during the summer despite a higher slaughter hog market. Increasing feed prices have been largely responsible. Feeder pigs weighing 40-50 pounds reached a summer peak of \$23 per head in early July when the slaughter hog market turned sharply higher. But this was only half of 1973's summer price level. Rising corn prices and a weakening hog market in September pushed feeder pigs back down to near \$20 by the end of month.

Feeder pig prices will likely remain lower this fall, but could begin to turn higher before year-end as the slaughter market strengthens. The level of feed prices will tend to limit advances in the feeder pig market, but curtailed farrowings will keep feeder pig availability low. If further sharp increases in corn prices do not materialize as hog farmers had expected, a limited supply of feeder pigs could meet a strong demand from feeders who liquidated their breeding stock earlier in the year. Missouri and Kentucky, two major feeder pig producing States, have planned reductions of 14 and 11 percent respectively in September-November sow farrowings.

An unusually early frost through much of the Corn Belt in late September complicates the feed supply issue. While the frost may have reduced the corn crop further, it may increase feed availability in the short run. The early frost could mean larger supplies of low quality corn, suitable only for prompt feeding, especially to hogs. Many farmers with low quality corn could be in the feeder pig market seeking an outlet for their feed.

CATTLE

Although cow-calf producers are facing a period of lower markets, prospects appear to be improving slowly for the cattle feeder. Feed costs have advanced



sharply since summer, but prices of replacement cattle have been below fed cattle prices since May. Cattle sold this fall and winter will have been purchased on a feeder

Gross cattle feeding margins¹

Year	Fed cattle ²	Feeder cattle ³	Gross margin
	Dollars per steer	Dollars per steer	Dollars per steer
1972			
January	374	206	168
February	381	211	170
March	369	210	159
April	362	214	148
May	375	221	154
June	398	223	175
July	403	228	175
August	375	233	142
September	364	232	132
October	367	231	136
November	353	243	110
December	387	252	135
1973			
January	427	252	175
February	457	252	205
March	479	260	219
April	473	265	208
May	480	259	221
June	491	275	216
July	500	284	216
August	556	306	250
September	474	324	150
October	440	311	129
November	421	327	94
December	413	329	84
1974			
January	495	339	156
February	487	374	113
March	450	330	120
April	436	311	125
May	425	306	119
June	399	286	113
July	459	303	156
August	490	305	185
September	434	269	165

¹ Current fed prices per steer compared with feeder cattle prices 6 months earlier. ² Choice steers at Omaha, 1,050 lbs. ³ Choice steers at Kansas City, 600 lbs.

Table 2.—Corn Belt Cattle Feeding

Selected expenses at current rates¹

Purchased during Marketed during	Sept. 73 Mar. 74	Oct. Apr.	Nov. May	Dec. June	Jan. 74 July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan. 75	Aug. Feb.	Sept. Mar.
	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head
<i>Expenses</i>													
600 lb. feeder steer	330.36	311.16	306.12	286.26	303.48	304.80	268.86	264.90	240.84	210.60	221.28	220.20	182.94
Transportation to feedlot (400 miles)	4.56	4.80	4.80	4.80	4.80	4.80	4.80	5.04	5.04	5.04	5.04	5.04	5.04
Corn (45 bu.)	94.95	94.95	99.00	108.00	117.00	125.55	120.15	107.55	110.70	117.00	134.10	152.55	148.05
Silage (1.7 tons)	24.87	24.67	25.72	28.25	31.08	33.46	32.37	30.28	30.38	30.58	33.95	38.71	37.93
30% protein supplement (270 lb.)	23.90	23.22	23.22	24.44	24.84	24.17	23.22	23.09	21.74	20.93	21.60	26.60	24.84
Hay (400 lb.)	4.95	4.80	5.00	5.60	6.40	6.95	6.90	7.10	6.75	6.05	6.15	7.05	7.10
Labor (4 hours)	8.72	8.84	8.84	8.84	9.04	9.04	9.04	9.20	9.20	9.20	9.44	9.44	9.44
Vet medicine ²	4.36	4.42	4.42	4.42	4.52	4.52	4.52	4.60	4.60	4.60	4.72	4.72	4.72
Interest on purchase (6 mo.)	2.43	2.44	2.46	2.48	2.55	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.83
Power, equip, fuel, shelter, depreciation ³	14.04	14.34	14.11	13.20	14.42	14.48	12.77	13.91	12.64	11.06	11.57	11.56	9.60
Death loss (1% of purchase)	11.22	11.27	11.35	11.49	11.79	11.95	12.03	12.32	12.36	12.45	12.96	12.93	13.11
Transportation (100 miles)	3.30	3.11	3.06	2.86	3.03	3.05	2.69	2.65	2.41	2.11	2.20	2.20	1.83
Marketing expenses	2.00	2.10	2.10	2.10	2.10	2.10	2.10	2.21	2.21	2.21	2.21	2.21	2.21
Miscellaneous & indirect costs ³	3.25	3.25	3.25	3.25	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35
	4.85	4.87	4.91	4.97	5.10	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.67
Total	537.76	518.24	518.36	510.96	543.45	555.92	510.55	494.14	470.19	443.20	476.32	504.95	458.66
<i>Selling price/cwt. required to cover</i>													
Feed and feeder costs (1050 lbs.)	45.62	43.70	43.72	43.10	45.98	47.14	43.00	41.23	39.09	36.68	39.72	42.39	38.18
Selling price/cwt. required to cover all costs (1050 lbs.)	51.22	49.36	49.37	48.66	51.76	52.94	48.62	47.06	44.78	42.21	45.36	48.09	43.69
Feed cost per 100 lb. gain	33.04	32.81	33.99	36.95	39.85	42.25	40.59	37.34	37.68	38.79	43.51	49.98	48.43
Choice steers, Omaha	42.36	41.18	40.04	37.33	43.98	47.23	41.41						
Net margin/cwt.	-8.86	-8.18	-9.33	-11.33	-7.78	-5.71	-7.21						
<i>Prices</i>													
Feeder steer choice (600-700 lbs., Kansas City/cwt.)	55.06	51.86	51.02	47.71	50.58	50.80	44.81	44.15	40.14	35.10	36.88	36.70	30.49
Corn/(bu.) ⁴	2.11	2.11	2.20	2.40	2.60	2.79	2.67	2.39	2.46	2.60	2.98	3.39	3.29
Hay/ton ⁴	24.75	24.00	25.00	28.00	32.00	34.75	34.50	35.50	33.75	30.25	30.75	35.25	35.50
Corn silage /ton ⁵	14.63	14.51	15.13	16.62	18.28	19.68	19.04	17.81	17.87	17.99	19.97	22.77	22.31
30% Protein supplement/cwt. ⁶	8.85	8.60	8.60	9.05	9.20	8.95	8.60	8.55	8.05	7.75	8.00	9.85	9.20
Farm Labor/hour ⁶	2.18	2.21	2.21	2.21	2.26	2.26	2.26	2.30	2.30	2.30	2.36	2.36	2.36
Interest annual rate	8.50	9.22	9.22	9.22	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50
Transportation rate/cwt. 100 mile .....	.19	.20	.20	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21
Marketing expenses	3.25	3.25	3.25	3.25	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35
Index of prices paid by farmers 1910-14=100)	512	514	518	524	538	545	549	562	564	568	573	590	598

¹ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level and locality of operation. ² Assumes one hour at twice the labor rate. ³ Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. ⁴ Average price received by farmers in Iowa and Illinois. ⁵ Corn silage price derived from an equivalent price of 5 bushels corn and 330 lb. hay. ⁶ Average price paid by farmers in Iowa and Illinois. ⁷ Converted from cents/mile for a 44,000 pound haul. ⁸ Yardage plus commission fees at a midwest terminal market.

Table 3.— Texas Panhandle Cattle Feeding

Selected expenses at current rates¹

Purchased during Marketed during	Sept. Mar. 74	Oct. Apr.	Nov. May	Dec. June	Jan. 74 July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan. 75	Aug. Feb.	Sept. Mar.
	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head
<i>Expenses</i>													
600 lb. Feeder steer	296.64	260.82	258.72	257.52	281.58	260.28	235.26	240.60	205.80	168.36	189.24	174.00	150.72
Transportation to feedlot (150 mi.)	1.71	1.80	1.80	1.80	1.80	1.80	1.80	1.89	1.89	1.89	1.89	1.89	1.89
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sorghum grain (2156 lb.)	82.14	74.81	78.69	83.87	89.47	99.82	98.31	85.38	81.07	79.77	89.47	108.45	113.62
Corn (18 bu.)	43.38	43.20	44.10	46.98	49.32	52.20	50.94	45.54	45.54	46.26	49.32	56.88	59.58
Urean (20 lb.)	.92	.92	.92	.92	.92	.92	.92	.92	.92	.92	.92	.92	.92
Cottonseed hulls (352 lb.)	8.89	70.24	22.66	8.54	8.54	8.54	8.54	8.54	8.54	8.54	8.54	8.54	8.54
Alfalfa cubes (352 lb.)	20.68	20.24	22.66	23.76	24.86	25.30	23.54	25.08	22.88	22.88	24.20	25.74	27.06
Labor (2 hours)	3.40	3.54	3.54	3.54	3.72	3.72	3.72	3.80	3.80	3.80	3.90	3.90	3.90
Management ²	3.40	3.54	3.54	3.54	3.72	3.72	3.72	3.80	3.80	3.80	3.90	3.90	3.90
Vet medicine ³	2.43	2.44	2.44	2.48	2.55	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.83
Interest on purchase (6 mo.)	12.61	12.02	11.93	11.87	13.38	12.36	11.17	12.63	10.80	8.84	9.94	9.14	7.91
Power, equip., fuel, shelter, dep. ³	11.22	11.27	11.35	11.49	11.79	11.95	12.03	12.32	12.36	12.45	12.56	12.93	13.11
Death Loss (1.1% of purchase)	3.26	2.87	2.85	2.83	3.10	2.86	2.59	2.65	2.26	1.85	2.08	1.91	1.66
Transport and Marketing expense ⁴	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Miscellaneous & Indirect costs ⁵	4.85	4.87	4.91	4.97	5.10	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.67
Total	498.53	453.26	458.30	467.11	502.85	494.48	463.60	452.86	414.16	371.71	408.39	421.31	407.01
<i>Selling price required/cwt. to cover feed & feeder costs⁵</i>													
Selling price required/cwt. to cover all costs ⁵	44.91	40.47	40.97	41.82	45.11	44.38	41.45	40.26	36.53	32.54	36.01	37.33	36.03
Feed cost/100 lb. gain	49.46	44.97	45.47	46.34	49.89	49.06	45.99	44.93	41.09	36.88	40.51	41.80	40.38
Good and choice slaughter steers, Texas/cwt.	34.67	32.69	34.27	36.46	38.47	41.56	40.56	36.71	36.10	35.48	38.61	44.94	47.20
Net margin/cwt.	41.27	41.30	39.96	36.40	43.78	45.60	39.53						
	-8.19	-3.67	-5.51	-9.94	-6.11	-3.46	-6.46						
<i>Prices</i>													
Good feeder steer 600 lb. Amarillo/cwt.	49.44	43.47	43.12	42.92	46.93	43.38	39.21	40.10	34.30	28.06	31.54	29.00	25.12
Transportation rate/cwt. 100 mi. ⁶	.19	.20	.20	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21
Commission fee/cwt. ⁷	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Sorghum grain/cwt. ⁷	3.81	3.47	3.65	3.89	4.15	4.63	4.56	3.96	3.76	3.70	4.15	5.03	5.27
Corn/bu.	2.41	2.40	2.45	2.61	2.74	2.90	2.83	2.53	2.53	2.57	2.74	3.16	3.31
Alfalfa cubes/ton	117.50	115.00	128.75	135.00	141.25	143.75	133.75	133.75	142.50	130.00	137.50	146.25	153.75
Cottonseed Hulls/ton	50.50	45.00	44.50	48.50	48.50	50.00	50.00	50.00	50.00	50.00	50.00	52.50	56.00
Urean/ton ⁸	92.00	92.00	92.00	92.00	92.00	92.00	92.00	194.00	194.00	194.00	194.00	194.00	230.00
Farm labor ⁸	1.70	1.77	1.77	1.77	1.86	1.86	1.86	1.90	1.90	1.90	1.95	1.95	1.95
Interest rate	8.50	9.22	9.22	9.22	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50
Index of prices paid by farmers (1910-14=100)	512	514	518	524	538	545	549	562	564	568	573	590	598

¹ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices

for management, production level, and locality of operation. ² Assumes one hour at twice the labor rate. ³ Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and

wage rates. ⁴ Most cattle are sold F.O.B. the feedlot with 4% shrink. ⁵ Sale weight = 1008 lbs. (1050-4% shrink). ⁶ Converted from cents per mile for a 44,000 pound haul. ⁷ Average price received by farmers in Texas. ⁸ Average price paid by farmers in Texas.

Table 4.—California Cattle Feeding

Selected expenses at current rates¹

Purchased during Marketed during	Sept. June 74	Oct. July	Nov. Aug.	Dec. Sept.	Jan. 74 Oct.	Feb. Nov.	Mar. Dec.	Apr. Jan. 75	May Feb.	June Mar.	July Apr.	Aug. May	Sept. June
	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head
<i>Expenses</i>													
450 lb. feeder steer	264.24	260.46	238.64	217.53	242.01	233.55	212.76	203.63	175.50	142.29	144.95	139.50	117.54
Transportation to Feedlot (1400 miles) ..	11.97	12.60	12.60	12.60	12.60	12.60	12.60	13.23	13.23	13.23	13.23	13.23	13.23
Commission	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Barley (70 bu.)	177.80	184.80	181.30	186.90	192.50	205.10	207.20	174.30	162.40	165.20	175.70	212.80	219.10
41% Cottonseed Meal (59 lb.)	7.08	6.20	5.90	6.20	6.49	6.49	5.90	5.90	5.55	5.37	5.13	5.66	5.90
Urea (28 lb.)	1.47	1.47	1.47	1.47	1.47	1.47	1.47	1.47	2.66	2.66	2.66	2.66	3.01
Alfalfa hay (862 lb.)	22.63	26.72	29.09	29.74	30.60	31.68	31.25	31.03	28.88	28.02	27.15	27.37	27.15
Labor (2 hours)	4.48	4.60	4.60	4.60	4.72	4.72	4.72	4.82	4.82	4.82	4.98	4.98	4.98
Management ²	4.48	4.60	4.60	4.60	4.72	4.72	4.72	4.82	4.82	4.82	4.98	4.98	4.98
Vet Medicine ³	2.43	2.44	2.46	2.48	2.55	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.83
Interest on purchase (9 months)	16.86	18.02	16.51	15.05	17.26	16.65	15.17	16.05	13.83	11.21	11.41	10.99	9.26
Power, equip., ⁴ fuel, shelter, depreciation	11.22	11.27	11.35	11.49	11.79	11.95	12.03	12.32	12.36	12.45	12.56	12.93	13.11
Death Loss (2% of purchase)	5.28	5.21	4.77	4.35	4.84	4.67	4.26	4.07	3.51	2.85	2.90	2.79	2.35
Transport & marketing expenses ⁵	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Miscellaneous and indirect costs ⁶	4.85	4.87	4.91	4.97	5.10	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.67
Total	537.04	545.51	520.45	504.23	538.90	543.60	522.13	483.07	437.83	403.24	416.05	448.53	431.36
<i>Selling price required/cwt. to cover feed and feeder costs⁵</i>													
Selling price required/cwt. to cover all costs ⁵	48.09	48.74	46.38	44.90	48.08	48.61	46.60	42.43	38.11	34.91	36.14	39.43	37.88
Feed cost/100 lb. gain	54.58	55.44	52.89	51.24	54.77	55.24	53.06	49.09	44.49	40.98	42.28	45.58	43.84
Choice slaughter steers-california/cwt.	36.34	38.12	37.87	39.01	40.18	42.56	42.75	37.20	34.69	35.00	36.63	43.22	44.38
Net margin/cwt.	39.69	45.92	48.38	41.00	10.24								
	-14.89	-9.52	-4.51	-10.24									
<i>Prices</i>													
Feeder steer (Good, 400-500 lb. Fort Worth/cwt.)	58.72	57.88	53.03	48.34	53.78	51.90	47.28	45.25	39.00	31.62	32.21	31.00	26.12
Transportation rate/cwt. (100 miles) ⁶ ..	.19	.20	.20	.20	.20	.20	.20	.21	.21	.21	.21	.21	.21
Commission fee/cwt. ....	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Barley/bushel ⁷	2.54	2.64	2.59	2.67	2.75	2.93	2.96	2.49	2.32	2.36	2.51	3.04	3.13
Alfalfa hay/ton ⁷	52.50	62.00	67.50	69.00	71.00	73.50	72.50	72.00	67.00	65.00	63.00	63.50	63.00
41% Cottonseed meal/cwt.	12.00	10.50	10.00	10.50	11.00	11.00	10.00	10.00	9.40	9.10	8.70	9.60	10.00
Urea/ton ⁸	105.00	105.00	105.00	105.00	105.00	105.00	105.00	190.00	190.00	190.00	190.00	190.00	215.00
Farm labor/hour ⁸	2.24	2.30	2.30	2.30	2.36	2.36	2.36	2.41	2.41	2.41	2.49	2.49	2.49
Interest rate	8.50	9.22	9.22	9.22	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50
Index of prices paid by farmers (1910-14=100)	512	514	518	524	538	545	549	562	564	568	573	590	598

¹ Represents only what expenses would be if all indicated items were paid for during the period selected. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices

for management, production level, and locality of operation. Assumes one hour at twice the labor rate. ⁵ Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. ⁶ Most cattle are sold F.O.B. the feedlot in California.

with a 4% shrink. ⁷ Sale weight = 984 lbs. (1025 less 4% shrink). ⁸ Converted from cents per mile for a 44,000 pound haul. ⁹ Average price received by farmers in California. ¹⁰ Average price paid by farmers in California.

market that has been about half of year-earlier prices. Cattle feeders who have been buying older, heavier cattle this summer, and feeding them for 60 to 90 days have realized a more favorable return than those on longer feeding programs. With conditions of high feed costs, lower feeder cattle prices, and a fluctuating fed cattle market, feeders who start with heavier cattle and operate a flexible marketing schedule may be in the best position in the months ahead. In the long-term, feeding of calves will probably continue to decline as continued high feed costs discourage this kind of feeding.

Tight feed grain supplies in the 1974/75 marketing year will restrict cattle feeding to some extent, but changes in feeding practices will tend to stretch feed grain supplies. Cattle placed in feedlots weighing 75 to 100 pounds more than last year would mean less weight added in the feedlot. Also, lowering marbling requirements for Federal grades could further reduce feed requirements somewhat. Thus, considering reduced feed requirements for hogs, dairy, and poultry, together with changing concepts in feeding cattle, it's conceivable that almost as many cattle could be fed next year as in 1974, even with 15 to 20 percent less concentrate feed available. Smaller supplies in the first half could be about offset by an increase in the second half.

Composition of Slaughter

Many facets of the beef industry have undergone significant change over the past year and the composition of cattle slaughter is one of them. Since last spring,

grain-fed steer and heifer marketings have been a smaller proportion of total slaughter while steers and heifers that received little or no grain have made up an increasing proportion. The lack of profits in cattle feeding since the fourth quarter last year has resulted in a further decline in placements and marketings of fed cattle, despite rapidly increasing feeder cattle supplies. As a result, there has been a substantial increase in the number of cattle marketed with limited grain feeding or directly from grass or other roughage. The number of these other steers and heifers slaughtered this year will be over 4 million head compared with less than 1 million last year.

Nonfed steer and heifer slaughter is not reported, and is determined as a residual from estimated commercial steer and heifer slaughter. Reported marketings of cattle from feedlots are adjusted for shipments of slaughter cattle to Canada, cows reported on feed at the beginning of the quarter, and the volume of fed cattle marketings from non-reporting States. This is subtracted from commercial steer and heifer slaughter. The remaining number is classed as nonfed steers and heifers. These are cattle that are not accounted for the in Cattle on Feed report. Cattle included in that report must fit the requirement of being on feed specifically for slaughter and expected to produce a carcass that will grade Good or better.

Many of the cattle classed as nonfed steers and heifers probably are cattle that have received some concentrate feed in backgrounding lots, or elsewhere, but still have not been classed as being on feed for

Estimated commercial cattle slaughter, by class

Year and quarter	Steers and Heifers			Cows	Bulls and stags	Total
	Fed	Other	Total			
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1971 I	6,380	572	6,952	1,500	135	8,587
II	6,480	687	7,167	1,586	164	8,917
III	6,820	666	7,486	1,614	179	9,279
IV	6,380	592	6,972	1,675	155	8,802
Year	26,060	2,517	28,577	6,375	633	35,585
1972 I	6,630	402	7,032	1,518	148	8,698
II	6,930	452	7,382	1,474	166	9,022
III	7,140	223	7,363	1,472	180	9,015
IV	6,970	395	7,365	1,528	151	9,044
Year	27,670	1,472	29,142	5,992	645	35,779
1973 I	6,770	146	6,916	1,590	156	8,662
II	6,470	86	6,556	1,434	165	8,155
III	6,080	204	6,284	1,533	180	7,997
IV	6,570	437	7,007	1,691	175	8,873
Year	25,890	873	26,763	6,248	676	33,687
1974 I	6,160	492	6,652	1,689	162	8,503
II	6,450	794	7,244	1,390	179	8,813
III ¹	5,700	1,580	7,280	1,830	230	9,340
IV ¹	5,700	1,600	7,300	2,000	200	9,500
Year ¹	24,010	4,466	28,476	6,909	771	36,156

¹ Forecast.

slaughter. Nonfed cattle in the third quarter were estimated to be more than 20 percent of the total steer and heifer slaughter compared with about 3 percent in 1973. F.I. slaughter weights averaged 1,046 pounds in the third quarter, compared with 1,051 pounds in July-September 1973. Although the holdover of cattle in some feedlots has resulted in heavier average slaughter weights of fed cattle marketed in recent months, the increase in nonfed marketings has been more than offsetting.

Average slaughter weights will be down from last year this fall because feeders will be inclined to move cattle at a faster pace and at lighter weights. In fact, slaughter weights this fall have dropped significantly. Discounts on heavyweight cattle have mostly disappeared and premiums now are being paid for 1,100-1,300 pound steers on some markets. For example, at Omaha, 1,100-1,300 pound steers are bringing 50 cents per 100 pounds more than 900 to 1,100 pound steers compared with 50 cents less just a few months ago. Slaughter weights this fall and in 1975 will average well under 1974. Cattle will be marketed lighter and the proportion of cattle sold for slaughter with limited grain feeding and cows will be large.

Fed Cattle Marketings Down

Fed cattle marketings continue to lag year-earlier rates. This will probably continue well into 1975. Placements on feed have been running well below a year earlier, and on-feed inventories are at the lowest level since the late 1960's. However, placements this fall are expected to pick up seasonally and may reach or exceed the levels of a year ago. A more profitable outlook for fed cattle appears to be shaping up for 1975, largely because feeder cattle prices are low enough to allow feeding profits despite higher feed costs. Federal guarantees of loans to livestock feeders will tend to boost the number of cattle placed on feed by making funds available to feeders who have been out of the feeder market because of a lack of financing. As of September

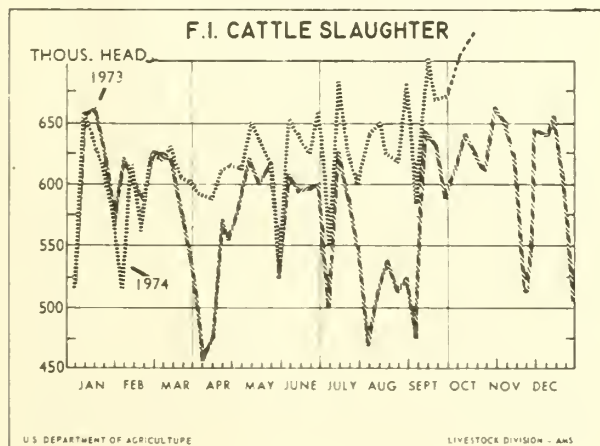
27, the Farmers Home Administration had guaranteed 105 loans to cattle feeders for a total of \$15.8 million. While the number of loans under this program has been small, this is expected to pick up as lenders and the farmers and ranchers get better acquainted with the new loan guarantees and as we approach the late fall when most farmers and ranchers will be planning and renewing their loans for the 1975 operating year.

The low price of feeder cattle will encourage some ranchers to place their calves and yearlings in custom lots. This will also tend to increase placements this fall and winter.

7 States Cattle on Feed, Placements and Marketings

Year	On feed	Change, previous year ¹	Placements	Change, previous year ¹	Marketings	Change, previous year ¹
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1972						
Jan. . . .	9,110	+10.8	1,785	+1.4	1,602	+0.9
Feb. . . .	9,293	+9.5	1,268	+15.0	1,540	+10.4
Mar. . . .	9,021	+10.1	1,485	-0.2	1,572	-0.6
Apr. . . .	8,934	+12.7	1,492	+6.6	1,546	+4.0
May . . .	8,880	+10.9	1,953	+22.9	1,758	+17.2
June . .	9,075	+12.0	1,721	+23.7	1,679	+5.2
July . . .	9,117	+17.3	1,277	+4.0	1,480	-5.2
Aug. . .	8,914	+18.0	1,549	+1.3	1,782	+8.8
Sept. . .	8,681	+16.7	1,893	-4.6	1,794	+4.9
Oct. . . .	8,780	+15.1	2,638	+8.2	1,840	+13.1
Nov. . .	9,578	+13.5	1,833	-3.8	1,735	+13.1
Dec. . .	9,676	+9.8	1,836	+5.9	1,628	+13.4
1973						
Jan. . . .	9,884	+8.5	1,830	+2.5	1,721	+7.4
Feb. . . .	9,993	+7.5	1,183	-6.7	1,541	+0.1
Mar. . . .	9,635	+6.8	1,563	+5.3	1,623	+3.2
Apr. . . .	9,575	+7.2	1,186	-20.5	1,440	-6.9
May . . .	9,321	+5.0	1,785	-8.6	1,688	-4.0
June . .	9,418	+3.8	1,596	-7.3	1,557	-7.3
July . . .	9,457	+3.7	1,133	-11.3	1,498	+1.2
Aug. . .	9,092	+2.0	1,469	-5.2	1,410	-20.9
Sept. . .	9,151	+5.4	1,446	-23.6	1,490	-16.9
Oct. . . .	9,107	+3.7	2,113	-19.9	1,753	-4.7
Nov. . .	9,467	-1.2	1,680	-8.3	1,642	-5.4
Dec. . .	9,505	-1.8	1,403	-23.6	1,560	-4.2
1974						
Jan. . . .	9,353	-5.4	1,837	+0.4	1,558	-9.5
Feb. . . .	9,632	-3.6	956	-19.2	1,340	-13.0
Mar. . . .	9,248	-4.0	1,182	-24.4	1,627	+0.2
Apr. . . .	8,803	-8.1	1,192	+0.5	1,644	+14.2
May . . .	8,351	-10.4	1,085	-39.2	1,551	-8.1
June . .	7,885	-16.3	806	-49.5	1,545	-0.8
July . . .	7,146	-24.4	1,212	+7.0	1,351	-9.8
Aug. . .	7,007	-22.9	1,140	-22.4	1,292	-8.4
Sept. . .	6,855	-25.1				

¹ Data for 7 States not reported prior to October 1971. Percent changes for 6 States through September.



Culling Rates to Rise

The Nation's beef cow herd has been building rapidly in recent years. During a rapid buildup of cow numbers, culling rates are low and cow slaughter becomes a relatively smaller proportion of total slaughter than at

other times. For example, for 1965 to 1970, cow slaughter accounted for 21 percent of total slaughter. In more recent years, as the buildup has increased at a faster pace, cow slaughter had dropped to about 17 percent of slaughter in 1972 and 19 percent in 1973.

Another way of looking at it is in terms of cow slaughter as a percentage of the January 1 and July 1 inventory. In recent years, January-June slaughter and July-December slaughter have been around 5½ to 6 percent of the January 1 and July 1 inventory. This year, January-June slaughter was 5.7 percent of the January 1 inventory and in the second half cow slaughter may be around 6.5 percent of the July 1 inventory. The low culling rate of recent years has resulted in an older breeding herd and this, together with

Cow Inventories and Slaughter

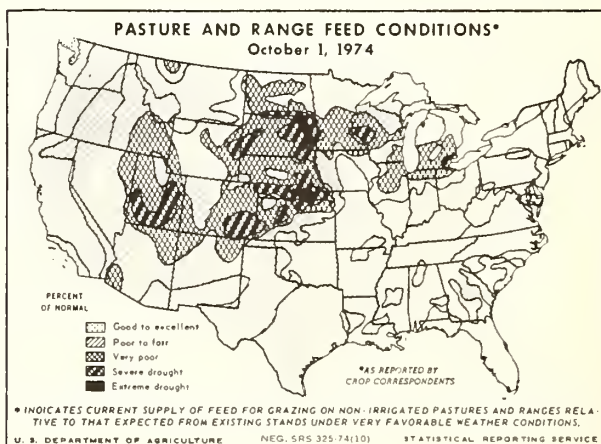
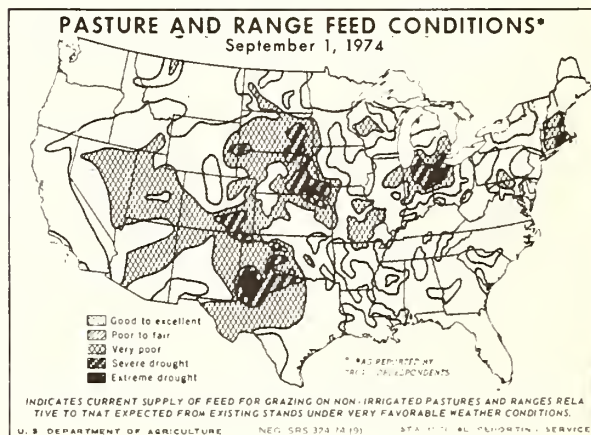
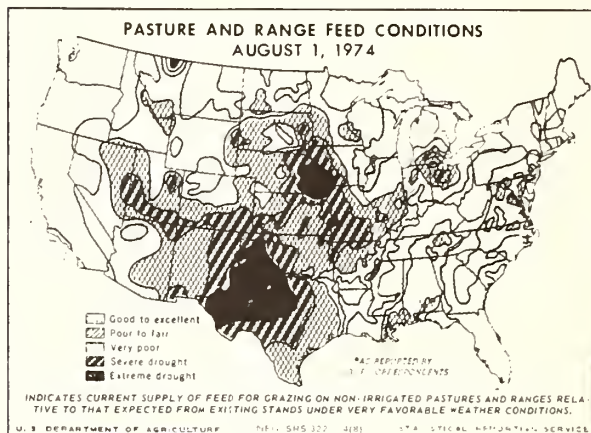
	Inventory	Slaughter ¹	Slaughter inventory
	1,000 head	1,000 head	Percent
1971			
Jan. 1	49,786	3,086	6.2
July 1	50,531	3,289	6.5
1972			
Jan. 1	50,585	2,992	5.9
July 1	51,664	3,000	5.8
1973			
Jan. 1	52,541	3,024	5.8
July 1	53,818	3,224	6.0
1974			
Jan. 1	54,157	3,079	5.7
July 1	56,488	² 3,670	6.5
1975 ²			
Jan. 1	56,400	² 3,540	6.3

¹Estimated commercial cow slaughter in the 6 months succeeding the inventory. ²Forecast.

sharply lower feeder calf and yearling prices, has resulted in a heavier culling rate in the beef herds. Many older cows culled from the herd may be replaced by yearling heifers which are now selling at relatively low prices. The January 1 beef cow inventory will be larger than at the beginning of this year but the increase probably will be smaller than during 1973. Roughage availability will be an important consideration in the number of cows and heifers that can be carried over the winter.

Pasture conditions were partly relieved during August and September as much of the dry areas had good rains. Rains over much of the South and East aided pasture development. In Texas, ranges and pastures have made good response to September rains. However, ranges over most of the western third of the country continued dry and short of forage supplies. Also, hay supplies are down from a year ago. Thus, the ability of cattlemen to hold cows, as well as calves and yearlings, will depend to a large extent on the weather. An open winter would

provide for more grazing and would allow a large carryover, while heavy snows would require heavier use of hay reserves and more cattle would have to be sold for slaughter or feeding.



Calf slaughter through the first 9 months this year was up 15 percent from a year ago. Calf slaughter in July-September was up nearly 50 percent. Until this year calf slaughter had been declining for several years as the demand for feeder cattle grew faster than the annual calf

crop could supply them. This fall and winter, slaughter of calves will continue to run above year-earlier levels, and well above the summer.

The high risk associated with the long-term feeding of calves has substantially reduced the price spread between calves and yearlings and feeder calf prices are competitive with slaughter calf prices. For example, a year ago, 300-400 pound feeder calves were selling \$5 to \$10 per 100 pounds above 250-500 pound slaughter calves. In late September, slaughter calves were bringing \$2-\$3 per 100 pounds more than feeders. Downward pressure will continue on calf prices as supplies increase seasonally this fall.

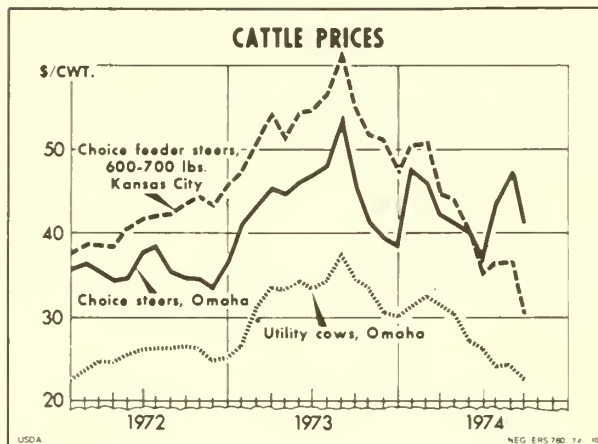
A continued high level of calf slaughter will tend to ease the beef supply situation later on. Calves slaughtered this fall and in the first half of 1975 will reduce the number of mature cattle available for slaughter in late 1975 and in 1976, thus limiting the increase in beef supplies, and easing the downward pressure on prices.

Cattle slaughter this year will be larger than earlier expected mainly because there are more than the anticipated number of nonfed steers and heifers and cows being marketed. If fall slaughter meets expectations, total slaughter for 1974 will be more than 6 percent larger than last year and could reach or exceed 1972's record kill of 35.8 million head. All of the increase will be in nonfed steers and heifers and cows as fed marketings will total 5-10 percent fewer than in 1973 and probably at least 15 percent or more fewer than the record 27.7 million head killed in 1972.

Price Outlook

A 3 percent increase in beef supplies this fall from summer levels will likely hold the average price of fed cattle below summer levels, but October-December prices of Choice steers at Omaha could run a little higher than last fall's \$40.19 average. Although fed cattle marketings are expected to run below last fall, a large

slaughter of nonfed steers and heifers and cows will keep total slaughter well above year-earlier levels, similar to spring and summer.



In the first half of 1975, fed cattle marketings may approach January-June 1974's level but fed beef production will continue below because weights will be down. However, supplies of other beef will boost total beef output above year-earlier levels and pressure on slaughter cattle prices will continue.

Large supplies of feeder cattle and calves this fall will continue the downward pressure on the feeder market. However, some of this pressure could be eased by an improved profit picture for cattle feeders and an easier credit situation. Also larger supplies of low quality feed may bring more feeder buyers into the market.

In early October, Choice 600-700 pound feeder steers were selling for as much as \$29 per 100 pounds, in Kansas City to as low as the mid-\$20's in the Southeast. This is less than half of last year's level. Prices of yearling

Choice steer prices per 100 pounds, Omaha

Month	1970	1971	1972	1973	1974
	Dol.	Dol.	Dol.	Dol.	Dol.
January	28.23	29.11	35.74	40.62	47.68
February	29.30	32.23	36.19	43.35	46.12
March	30.97	31.81	35.13	45.55	42.36
April	30.64	32.44	34.53	44.97	41.18
May	29.52	32.88	35.66	46.05	40.04
June	30.29	32.39	37.88	46.98	37.33
July	31.12	32.44	38.21	48.05	43.98
August	30.14	33.24	35.66	53.61	47.23
September . . .	29.32	32.62	34.85	45.45	41.41
October	28.67	32.34	34.85	41.79	
November . . .	27.21	33.58	33.56	39.88	
December . . .	26.71	34.40	36.79	38.90	
Average	29.34	32.42	35.83	43.89	

Feeder cattle prices per 100 pounds, Kansas City

Month	Choice feeder steers 600-700 lbs. ¹			Choice feeder steer calves ²		
	1972	1973	1974	1972	1973	1974
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Jan.	37.92	47.33	50.58	41.50	51.95	54.66
Feb.	38.86	50.98	50.80	43.94	56.10	54.45
Mar.	38.64	54.01	44.81	44.69	62.72	54.02
Apr.	38.54	51.82	44.15	45.16	60.42	50.30
May	40.43	54.55	40.14	46.67	62.59	45.48
June	41.94	54.85	35.10	47.32	62.42	39.96
July	42.02	56.49	36.88	47.10	64.40	37.72
Aug.	42.07	62.40	36.70	48.32	72.52	36.84
Sept.	43.29	55.06	30.49	48.70	62.80	32.40
Oct.	44.15	51.86		49.81	59.46	
Nov.	43.17	51.02		48.37	56.42	
Dec.	45.77	47.71		49.90	52.59	
Av.	41.40	53.17		46.79	60.36	

¹ Prior to 1972 550-750 lbs. ² 400-500 lbs., prior to 1972 300-500 lbs.

feeders may not drop much below this level in the fall and winter if market forces develop as expected. However, severe winter weather could weaken the market for feeder cattle and cows by forcing large supplies onto the market.

Cow slaughter this fall and winter is expected to be larger than last year and pressure on prices will continue. However, prices may not drop much below the recent \$18-\$20 level for Utility cows on most markets unless severe weather forces unusually large marketings.

Through the spring of 1975, price rises might be expected, particularly for feeder cattle and cows, as pastures improve. Fed cattle prices will likely run above this past spring when the market was severely depressed by large numbers and unusually heavy weights. A sharp decline in pork and poultry supplies in the first half of 1975 will lend strength to the cattle market.

Utility cow prices per 100 pounds, Omaha

Month	1970	1971	1972	1973	1974
	Dollars	Dollars	Dollars	Dollars	Dollars
January	20.93	19.98	22.61	26.67	31.45
February	22.18	20.98	23.80	31.43	32.65
March	23.24	22.03	24.73	33.90	31.76
April	23.23	21.48	24.70	33.59	30.49
May	22.64	22.30	25.51	34.26	27.67
June	22.58	22.03	26.00	33.09	26.39
July	20.85	21.68	26.22	34.21	24.22
August	20.48	21.72	26.18	37.56	24.54
September ...	21.13	21.84	26.57	34.58	22.56
October	20.84	22.30	26.19	33.68	
November ...	19.04	21.45	24.98	30.71	
December ...	18.77	21.64	25.02	30.10	
Average ...	21.32	21.62	25.21	32.82	

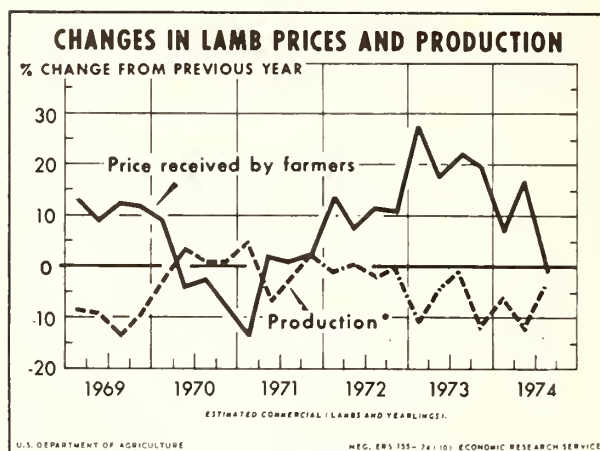
SHEEP AND LAMBS

Supplies Down—Prices Up

Commercial sheep and lamb slaughter totaled 6.7 million head during the first 9 months this year, down 7 percent from a year earlier. But slaughter weights were lighter and dressing yields were down a little, so lamb and mutton production was down 9 percent. The pattern of slaughter was somewhat unusual in that late spring and early summer marketings dropped more than usual. The decline in supplies resulted in an unusual rise in lamb prices in April and May, with prices peaking in May at \$49. Normally lamb prices peak much earlier in the year, when early spring lambs are first offered.

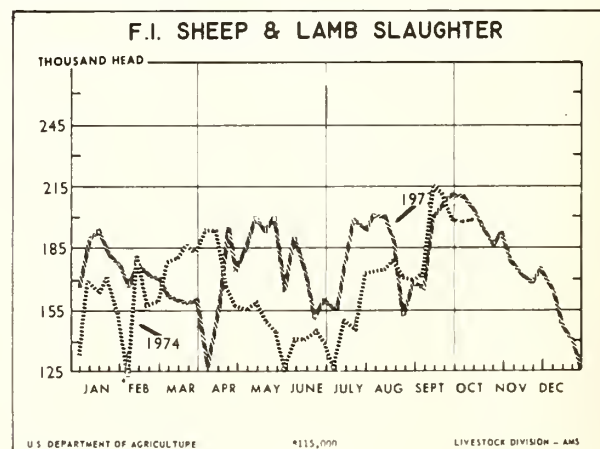
Fall and Winter Slaughter To Be Lower

Slaughter supplies this fall and winter are expected to continue below a year earlier, probably by about the same percentage as in the first 9 months of this year. The average killing rate this year is about in line with the estimated 8 percent reduction in the 1974 lamb crop.



Pasture and range feed conditions in late summer were poor in much of the West and Southwest and slaughter rates rose sharply in July, and exceeded year-earlier levels in late August and early September. General rains improved feed conditions in the Southwest and East in August and September. Thus, the marketing pattern for the balance of the year will likely follow a more normal pattern of generally declining slaughter supplies.

Slaughter under Federal inspection has been under year earlier in all regions, but has been down the most in the Mountain region. The smallest declines came in East North Central and Pacific regions. The sharp decline in the Mountain area, down 17 percent through August, suggests some late movement of lambs from summer pasture and perhaps some increased demand from the West Coast, drawing more than their usual share from the Mountain area. Also, the 1974 lamb crop in the Mountain region was down 5 percent, compared with an 8 percent drop nationally.



During the past two decades, the rate of decline in sheep numbers has been less in the West than in most other areas. This is because in much of the West, feed and range conditions are more suitable for sheep than for cattle. The South Central region has dropped the

most since 1950, about 50 percent, followed by the East Central and West North Central Regions where numbers have declined about 30 percent over the past quarter century.

Lamb Prices Steady

Choice slaughter lambs at San Angelo have averaged \$41.40 per 100 pounds so far this year. This was \$3 above last year and the highest average price for this period since 1951. Prices paid for spring lambs ranged from \$34 in March to \$48 in May. The price pattern was unusually erratic with the spring peak coming much later than usual. The unusual price pattern also reflected an unusual pattern of supplies.

The supply of feeder lambs this fall will be smaller than in October-December 1973 and placements on feed will probably be down. Feeder lambs prices have averaged below a year earlier so far this year. In September, feeder lambs at San Angelo averaged \$30.40 per 100 pounds, \$4.40 below a year earlier and \$5.70 below the slaughter market. Lower feeder prices reflect a lack of demand due to high feed grain prices and perhaps a carryover from the depressed feeder cattle and feeder pig market.

Feeder lamb prices are currently running \$27 to \$28 at most markets, \$6 to \$7 below slaughter lambs. Last year feeder lambs and slaughter lambs were about the same.

It is unlikely that feeder lamb prices will change very much this fall even though supplies are down. Demand for all feeder livestock is dampened by the high feed costs and large supplies of feeder cattle.

MEAT SITUATION AND PRICES

January-September commercial red meat production totaled about 27.6 billion pounds, up nearly a tenth from the first three quarters of 1973 and up 2 percent from the 1972 level. All of the increase in meat supplies came during the spring and summer months.

Per capita meat consumption for the first 9 months was also large at about 140 pounds, up 10 pounds from last year but about 4 pounds under the previous record in 1971. Red meat consumption this year may total about 188 pounds per person.

Meat supplies and consumption are up from last year but wholesale prices have averaged 1 percent lower. Wholesale meat prices began the year well above year-earlier levels, but dropped and have remained below since March. Wholesale prices rose 25 percent from June to August, but August prices still remained well under year-earlier levels.

Retail meat prices, however, averaged 6 percent higher than last year during January-August. Like wholesale prices, retail prices began the year well above year-earlier levels but did not drop below until June. In

Meat consumption by quarters¹

Year	First	Second	Third	Fourth	Total
	Pounds per person	Pounds per person	Pounds per person	Pounds per person	Pounds per person
Beef					
1969	27.2	26.7	28.6	28.3	110.8
1970	28.3	27.9	29.0	28.5	113.7
1971	27.7	28.1	29.3	27.9	113.0
1972	28.2	28.9	29.4	29.6	116.1
1973	28.0	26.2	26.8	28.6	109.6
1974 ²	28.0	28.8	29.7		
Veal					
1969	0.9	0.8	0.8	0.8	3.3
1970 .....	.8	.7	.7	.7	2.9
1971 .....	.7	.6	.7	.7	2.7
1972 .....	.6	.5	.5	.6	2.2
1973 .....	.5	.4	.4	.5	1.8
1974 ² .....	.5	.4	.6		
Pork					
1969	17.0	16.0	15.5	16.5	65.0
1970	15.4	15.6	16.3	19.1	66.4
1971	18.3	17.8	18.0	18.9	73.0
1972	17.7	16.6	15.8	17.3	67.4
1973	16.0	15.4	14.0	16.2	61.6
1974 ²	16.5	17.2	16.1		
Lamb & Mutton					
1969	0.9	0.8	0.9	0.8	3.4
1970 .....	.9	.9	.8	.7	3.3
1971 .....	.8	.8	.8	.7	3.1
1972 .....	.8	.9	.9	.7	3.3
1973 .....	.7	.7	.7	.6	2.7
1974 ² .....	.6	.6	.6		
Red Meat					
1969	46.0	44.3	45.8	46.4	182.5
1970	45.4	45.1	46.8	49.0	186.3
1971	47.5	47.3	48.8	48.2	191.8
1972	47.3	46.9	46.6	48.2	189.0
1973	45.2	42.7	41.9	45.9	175.7
1974 ²	45.6	47.0	47.0		

¹ Total consumption including farm, 50 States. ² Preliminary.

sharp contrast to wholesale, retail prices only rose 5 percent from June through August. August retail prices averaged 10 percent under year-earlier levels.

Demand for meat continued strong as evidenced by the 6 percent rise in retail prices even though consumption was 10 pounds per person larger.

Meat imports during January-August totaled 1,454 million pounds (carcass weight), down 12 percent from a year earlier. Of the 140 pounds of red meat consumed per person during January-September, about 8 pounds were estimated to be of foreign origin.

January-August exports of red meat were 105 million pounds, down 46 percent from last year. Exports accounted for 0.4 percent of January-August domestic meat production.

Beef

Commercial beef production in January-September was almost 17 billion pounds, up 9 percent from last year

Table 5.—Expenditures per person and percent of income spent for red meat

Year and quarter	Dispos- able income	Spent for beef ^{1 2}	Per- cent- age	Spent for pork ¹	Per- cent- age	Spent for veal ¹	Per- cent- age	Spent for lamb ¹	Per- cent- age	Spent for all meat	Per- cent- age
	Dollars	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
1955	1,666.0	42.72	2.56	33.30	2.00	NA		2.73	0.20	78.75	4.7
1960	1,937.0	50.51	2.61	33.74	1.74	4.10	0.20	3.09	.20	91.44	4.7
1965	2,436.0	58.98	2.42	35.92	1.47	3.60	.20	2.61	.10	101.11	4.2
1970	3,376.0	82.96	2.46	48.17	1.43	2.99	.09	3.10	.09	137.22	4.1
1971 ³											
I	882.8	20.54	2.33	11.78	1.33	.75	.09	.76	.09	33.83	3.8
II	899.5	21.79	2.42	11.39	1.27	.67	.07	.77	.09	34.62	3.8
III	906.0	22.85	2.52	11.94	1.32	.81	.09	.80	.09	36.40	4.0
IV	916.2	22.01	2.40	12.64	1.38	.82	.09	.70	.08	36.17	3.9
Total	3,605.0	87.13	2.42	47.73	1.32	3.04	.08	3.03	.08	140.93	3.9
1972 ³											
I	930.0	23.87	2.57	13.00	1.40	.73	.08	.82	.09	38.42	4.1
II	946.8	24.02	2.54	12.33	1.30	.63	.07	.94	.10	37.92	4.0
III	965.2	25.08	2.60	12.65	1.31	.65	.07	.97	.10	39.35	4.1
IV	1,000.0	24.80	2.48	14.11	1.42	.79	.08	.76	.08	40.46	4.0
Total	3,843.0	97.77	2.54	52.15	1.41	2.81	.07	3.49	.09	156.22	4.1
1973 ³											
I	1,035.8	26.77	2.58	14.60	1.41	.70	.07	.81	.08	42.88	4.1
II	1,061.0	26.33	2.48	14.77	1.39	.60	.06	.84	.08	42.54	4.0
III	1,084.8	28.12	2.59	15.86	1.46	.62	.06	.87	.08	45.47	4.2
IV	1,113.0	28.59	2.57	17.49	1.57	.79	.07	.71	.06	47.58	4.3
Total	4,295.0	109.90	2.56	62.90	1.46	2.72	.06	3.23	.08	178.75	4.2
1974 ⁴											
I	1,124.2	30.06	2.67	17.68	1.57	.82	.07	.73	.06	49.29	4.4
II	1,141.2	28.66	2.51	15.88	1.39	.65	.06	.72	.06	45.91	4.0
III	1,173.2	31.08	2.65	16.02	1.37	.97	.08	.76	.07	48.83	4.2

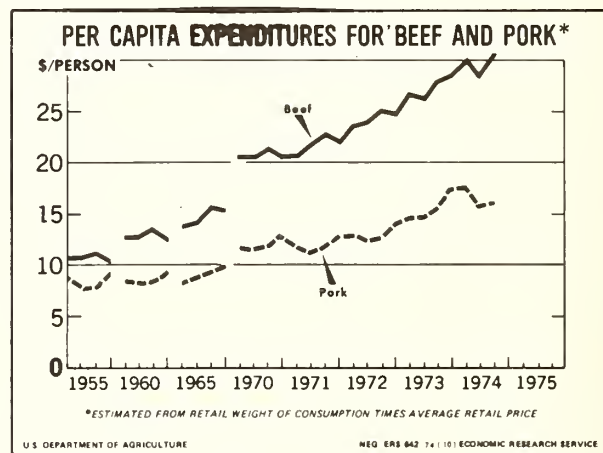
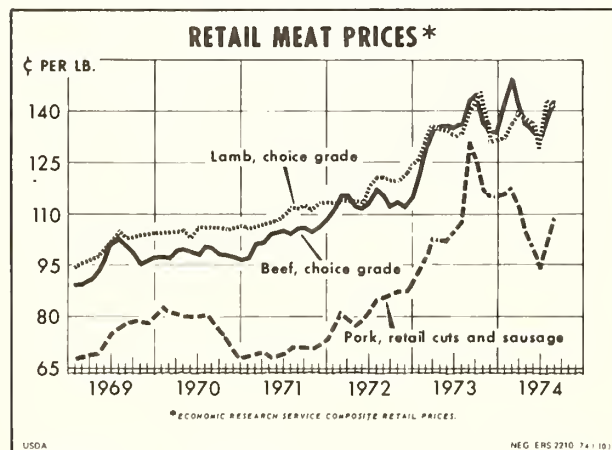
¹ Estimated from retail weight of consumption times average retail price. Conversion factors of 0.74 for beef, 0.93 for pork, 0.89 for veal, and 0.89 for lamb and mutton were used to adjust

carcass weight consumption to retail weight consumption.

² Based on the average retail price of Choice grade beef and does not attempt to account for prices of other grades or the value of away-from-home consumption. ³ Revised. ⁴ Preliminary.

and 2 percent above the previous record in 1972. Most of the increase came during the summer months.

Although beef supplies increased about 3 percent from second to third quarter, retail beef prices also rose from June lows. The composite average retail price per pound for Choice beef rose from a 16-month low of \$1.32 per pound in June to a peak of near \$1.47 at the end of August. By early September retail prices began to weaken as livestock and wholesale prices turned lower.



Retail price trends by grade and cut beef illustrate the shift in composition of beef supplies during the spring and summer. Less Choice and Prime beef has been offset by larger supplies of beef grading Good or lower. Sirloin steaks remained fairly stable in price at about \$1.75 per pound until August, then jumped to near \$1.88 a record high reflecting in part declining supplies of higher grade beef. Hamburger prices, although

Table 6.—Average retail price of meat per pound, United States, by months, 1968 to date¹

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
Beef, Choice grade													
1968	84.3	85.1	85.6	85.6	85.8	85.8	87.1	87.0	88.4	87.7	88.1	88.5	86.6
1969	89.5	89.6	90.9	93.3	97.8	101.9	102.4	101.1	99.1	95.2	96.5	96.9	96.2
1970	97.5	97.3	99.4	99.9	99.4	98.5	100.7	100.4	98.7	97.9	97.6	96.5	98.6
1971	97.2	101.3	102.2	104.0	104.8	105.7	104.7	105.7	105.9	105.1	106.3	108.5	104.3
1972	111.5	115.8	115.8	112.0	111.4	113.5	117.3	115.8	112.9	112.8	112.3	114.6	113.8
1973	122.1	130.3	135.3	136.0	136.0	135.5	136.3	144.2	144.9	136.0	134.9	134.4	135.5
1974	143.0	150.0	142.2	136.4	135.0	132.2	137.9	143.4					
Veal, retail cuts													
1968	99.8	99.2	100.0	102.0	100.0	102.5	101.7	101.4	101.9	101.1	101.9	100.9	101.0
1969	102.5	103.7	104.6	107.5	108.6	112.5	114.0	115.0	115.1	115.2	114.6	116.3	110.8
1970	117.2	119.3	120.8	123.3	123.9	124.9	125.7	126.6	127.0	127.4	127.6	127.9	124.3
1971	128.9	129.4	130.6	132.9	133.7	134.8	138.5	139.3	139.6	140.3	140.6	140.9	135.8
1972	142.8	148.6	149.7	151.0	151.7	154.2	156.4	157.3	157.6	158.4	159.4	159.9	153.9
1973	162.2	169.1	176.9	180.5	181.1	181.3	183.2	188.7	188.5	190.6	186.2	191.6	181.7
1974	194.5	198.6	199.6	195.6	194.3	194.9	193.9	196.5					
Pork													
1968	65.4	66.7	67.1	66.3	66.7	67.8	69.4	69.0	68.8	67.8	67.1	67.0	67.4
1969	67.9	68.6	69.0	69.1	71.6	75.0	76.9	78.3	78.9	78.7	78.1	79.7	74.3
1970	82.1	81.8	81.4	79.9	80.0	80.0	80.6	79.7	76.7	74.6	70.8	68.4	78.0
1971	68.4	69.4	69.9	68.7	68.2	69.6	71.4	71.6	71.0	71.3	71.4	72.9	70.3
1972	76.3	81.3	79.4	78.2	79.4	82.0	85.6	86.0	86.6	87.5	87.2	88.5	83.2
1973	94.1	97.1	103.0	102.7	102.4	104.1	107.5	131.5	126.3	117.1	115.4	115.8	109.8
1974	116.7	117.2	111.8	104.7	99.4	93.7	103.7	108.7					
Lamb, Choice grade													
1968	89.8	90.4	92.0	92.5	93.3	93.7	94.5	93.6	93.1	94.5	94.2	93.5	92.9
1969	94.5	95.9	96.4	97.1	100.1	101.8	104.4	102.9	103.4	103.9	103.7	104.8	100.7
1970	104.8	104.8	104.7	105.6	103.9	105.7	106.0	106.3	106.3	105.9	105.9	106.4	105.5
1971	105.9	106.5	107.0	107.4	108.0	109.6	111.4	111.5	112.6	110.9	112.7	109.7	
1972	113.0	115.3	115.5	116.8	115.7	119.0	121.2	121.5	121.0	121.5	122.5	123.7	118.9
1973	125.6	130.2	136.1	135.5	134.2	132.2	133.4	140.4	145.4	135.2	131.3	131.7	134.3
1974	132.6	136.9	139.3	137.3	136.5	130.0	143.5	142.4					

¹ Estimated weighted average price of retail cuts. Compiled by Economic Research Service from BLS data.

Table 7.—Average retail price of specified meat cuts, per pound, by months, 1971 to date

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Beef												
Porterhouse steak												
1971	156.7	158.3	161.5	164.3	166.2	169.7	172.9	172.9	174.8	171.8	169.7	172.0
1972	176.3	180.8	181.3	177.8	175.3	180.1	187.1	187.3	184.9	180.2	182.0	179.7
1973	187.7	197.1	204.4	204.1	204.1	206.6	207.7	216.7	216.3	207.6	202.4	200.2
1974	201.3	214.7	211.5	206.0	204.1	206.6	205.8	220.2				
Round steak												
1971	128.2	131.5	133.7	137.2	136.6	137.7	136.9	138.0	138.8	138.2	137.8	139.1
1972	143.9	151.0	151.3	147.4	143.7	145.9	151.0	150.7	147.1	145.9	147.7	146.6
1973	155.9	167.8	174.6	173.8	173.8	174.6	173.8	173.8	173.8	173.8	174.7	171.4
1974	176.7	193.4	187.3	178.8	175.6	174.7	174.0	182.9				
Rib roast												
1971	114.5	110.8	114.4	115.0	117.7	119.6	120.5	121.1	122.0	120.6	120.1	122.9
1972	126.8	130.5	131.4	129.6	128.1	128.2	132.2	132.2	130.2	128.8	127.8	128.4
1973	137.2	142.3	148.6	150.9	152.4	153.4	154.4	160.1	161.5	157.8	154.5	153.8
1974	154.8	163.4	159.8	154.7	153.3	152.0	152.1	160.1				
Rump roast												
1971	128.1	131.1	133.1	135.6	136.2	136.3	134.6	136.4	136.2	137.6	136.2	136.5
1972	141.0	148.1	149.1	146.0	142.1	145.3	149.3	150.1	147.0	145.7	146.3	145.8
1973	153.7	164.4	169.5	169.8	169.7	170.2	171.6	181.7	182.3	172.1	170.8	167.3
1974	171.8	186.9	182.0	174.8	172.2	171.6	170.5	177.2				
Chuck roast												
1971	69.5	72.1	75.3	75.8	75.5	75.6	75.5	76.0	75.8	75.7	75.8	77.6
1972	79.1	84.2	85.1	83.0	80.7	79.8	83.5	84.6	82.2	81.2	81.1	81.1
1973	85.3	96.1	100.6	103.3	103.6	103.3	103.9	114.2	115.0	106.3	101.8	100.5
1974	101.0	114.7	113.0	102.7	97.4	95.0	95.4	102.2				
Hamburger												
1971	65.7	66.1	67.3	67.8	67.9	68.7	68.6	68.6	69.2	68.9	69.0	69.7
1972	70.6	73.2	74.1	73.8	73.5	74.1	75.1	76.4	75.3	75.7	75.4	75.4
1973	78.2	83.9	91.3	94.2	94.6	95.3	94.8	103.8	106.2	104.2	101.5	100.4
1974	102.6	109.5	108.4	101.2	97.1	95.2	90.5	94.8				
Veal												
Cutlet												
1971	230.5	231.6	234.0	238.3	240.2	237.6	244.3	245.9	246.7	248.0	248.9	249.6
1972	250.5	260.7	262.7	265.0	266.3	270.7	274.5	276.1	276.6	278.0	279.8	280.8
1973	284.6	295.7	308.5	314.0	314.1	313.5	315.9	324.6	323.4	327.4	327.4	326.0
1974	341.3	348.4	350.2	343.1	340.9	342.0	340.2	344.8				
Pork												
Chops												
1971	101.7	103.2	109.0	106.5	103.1	106.1	108.8	113.9	110.7	110.6	111.3	112.0
1972	112.3	125.1	119.9	116.8	115.6	120.7	131.6	128.9	132.5	131.3	130.9	129.3
1973	139.5	147.7	154.2	145.0	147.0	150.0	152.1	169.8	169.8	157.9	157.6	153.4
1974	162.7	164.0	158.5	149.7	143.7	139.8	153.9	158.9				
Roast, loin												
1971	73.5	74.2	76.8	74.4	73.6	75.2	76.4	79.6	78.8	77.9	78.3	78.6
1972	79.5	86.9	85.5	82.8	82.1	85.1	93.1	92.1	93.1	93.2	93.3	92.0
1973	99.3	105.5	111.9	109.5	108.7	110.1	111.7	151.5	131.3	120.7	119.7	116.9
1974	122.9	123.9	121.1	111.7	107.5	102.9	113.3	117.6				
Bacon, sliced												
1971	81.3	79.4	80.3	79.5	79.2	79.4	79.8	79.8	80.7	79.8	80.4	80.4
1972	83.2	93.9	92.7	92.5	91.2	93.1	95.7	99.8	99.8	106.0	103.7	103.5
1973	107.3	114.7	118.1	121.6	119.5	121.2	123.1	161.0	166.4	152.8	142.9	141.4
1974	139.1	143.4	137.1	124.8	118.1	109.7	108.9	132.6				
Ham, whole												
1971	74.2	71.4	72.0	67.3	69.4	71.1	70.5	70.5	71.1	69.9	70.3	72.8
1972	74.9	76.6	77.8	76.7	75.2	76.3	77.5	78.0	78.6	79.9	81.9	85.5
1973	92.0	91.6	94.8	99.7	98.4	97.8	98.2	121.7	126.0	115.3	117.0	122.2
1974	121.3	115.9	114.2	108.9	97.3	92.6	89.9	99.0				
Lamb												
Chops												
1971	186.6	187.2	188.5	188.2	189.7	187.6	191.2	192.4	193.0	191.1	192.7	192.5
1972	192.1	195.5	196.0	195.3	195.0	199.7	203.0	203.6	202.6	203.9	204.0	203.1
1973	205.3	218.1	227.5	227.5	226.6	224.5	228.8	241.4	240.8	227.1	223.4	230.1
1974	200.2	216.3	219.7	213.2	213.0	222.9	225.7	226.1				

Data from the Bureau of Labor Statistics.

increasing from July to August, have trended lower from record prices in February of nearly \$1.10 per pound to about \$.95 per pound in August.

During October-December, retail beef prices are expected to trend lower as beef production rises from summer and year-earlier levels to a new record high. Smaller supplies of higher grade beef will be more than offset by much larger supplies of lower grade beef, as in the summer. Prices of premium cuts of beef may not decline as much during the fall months as lower grade cuts.

The wholesale trade is also reflecting the shift in composition of beef supplies. Margins between carcass prices of Choice steer beef and Utility cow beef widened from about \$7 per 100 pounds in April to \$26 in August. Near the end of September, Utility cow beef at Chicago was selling for \$45 per 100 pounds, the lowest of the year, but Choice steer beef carcasses had also dropped to near \$63 from a midsummer peak of \$75. The narrowing of this margin to \$18 between Choice beef and cow beef in September may be due both to increased availability of fed beef supplies in September compared with the previous two months and increased demand for processing meat to fill in for reduced beef imports. Margins between cow beef and Choice steer beef will remain wide, however, through the end of the year. The margin between Good and Choice steer beef may widen from late September when the spread was \$7 per 100 pounds.

As large supplies of lower grade beef continue in the market during the fall there could be some further changes in retailers' beef merchandising techniques. Although a majority of the cattle that are slaughtered in the coming months will still be grain-fed, there will be more beef with little or no grain feeding background. Some of this beef will be cow beef which will be marketed as it has been in the past through processing channels and ground beef.

And some of it will be from younger animals with lightweight carcasses, commonly identified as "Baby Beef." This beef will be tender because of the relatively

young age of the animal, the cuts will be somewhat smaller, and the meat will contain less marbling than fed beef. Most of this kind of beef has been sold in the Southeastern States, the South and the West, near the areas of production. There is now wider distribution of this type of beef.

Per capita beef consumption this year likely will reach a new record of over 116 pounds per person, up at least 6 pounds from last year. Further increases are expected for 1975, moderating retail beef price increases.

January-August beef imports were 1,120 million pounds, 12 percent below last year. July and August imports were down 34 percent and 32 percent respectively.

Australian beef shipments into the United States this summer have been substantially reduced. Depressed cattle prices and excellent range conditions in Australia have encouraged their cattlemen to withhold cattle from slaughter. Also, work stoppages in slaughter plants during the summer reduced Australian beef availability, and there has been adequate supplies and relatively low prices of beef in the United States of the types that the Australian beef competes with.

Reduced supplies of imported beef are expected to continue through year-end, providing a broader market for the larger supply of lower grade cattle expected in the domestic market. This would tend to maintain or reduce slightly the price margin between Choice steer beef and Utility cow beef later this fall.

Pork

Pork production has rebounded from last year's low level and totaled 10 billion pounds during January-September, up 10 percent from last year. Like beef, almost all of the increase has taken place during the spring and summer months.

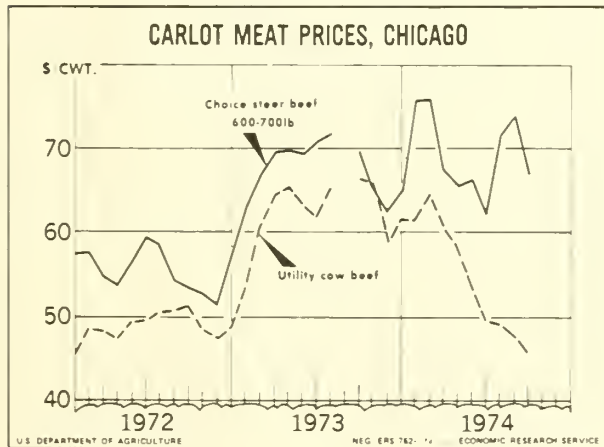
Summer pork production, however, dropped seasonally and retail prices responded upward from June lows of \$.94 per pound to an early September level of \$1.10. Prices remained well below last summer's peak of \$1.32 per pound. As pork production rises seasonally in the fall, retail prices are expected to decline from mid-September levels, and remain well below prices of a year earlier.

Per capita pork consumption this year may total 67 pounds per person, up over 5 pounds from 1973. Production and consumption rates will begin to decline in early 1975 and retail pork prices will turn higher again.

January-August pork imports, at 311 million pounds, were down 9 percent from last year. Pork exports during this period dropped 60 percent to 55 million pounds.

Veal

Veal production turned higher than year-earlier levels in April this year for the first time since 1965. July and



August veal production was up 42 and 60 percent respectively. September production may have been up about 45 percent.

Although percentage increases are large, total veal production during January-September will only be about 276 million pounds, up 13 percent from last year but still 16 percent below the 1972 level. Per capita consumption will likely run about 2.1 pounds this year, up from 1.8 pounds last year.

Veal prices have remained fairly stable this year, averaging between \$1.95 and \$2.00 per pound. Veal production will likely remain well above year-earlier levels through the end of 1974 and veal prices could trend lower during the fall. Veal production in 1975 may continue to run above the 1974 level, with some stability in veal prices.

Lamb

Lamb production remained below year-earlier levels through September. Commercial lamb and mutton production during January-September was 345 million pounds, 9 percent below last year.

Per capita consumption was about 0.6 pound per quarter during the first 9 months of the year and will likely total about 2.4 pounds for the year, down from 2.7 pounds last year.

Average retail prices this year have ranged from a low of \$1.30 per pound in June to \$1.42 in August. Price weakness will likely develop during the fall months from the August level.

Wholesale lamb carcass prices have dropped from a late-May record peak of over \$96 per 100 pounds to about \$74 in late September. Lightweight and heavy-weight carcasses have essentially sold for the same price since April when there was as much as a \$14 per 100 pounds discount on heavy carcasses.

Cold Storage Stocks Decline

Total meat stocks in cold storage continued to decline during the summer as livestock and meat prices rose. September 1 stocks of meat at 730 million pounds, remained well above a year ago, but down from a June 1 peak of 1,018 million pounds.

Beef stocks on September 1 were at the lowest level of the year at 383 million pounds, 21 percent less than the record large 485 million pounds reported on April 1. Beef stocks, however, are still over 50 percent larger than the unusually low level of a year earlier.

September 1 pork stocks are also at the lowest level of the year at 257 million pounds and nearly two thirds

of the June 1 peak of 412 million pounds. Pork stocks, however, are still over 40 percent larger than a year earlier.

If livestock and meat production rises and prices trend lower during October-December, the decline in meat storage stocks may soon stop, and they could turn higher again before year end.

USDA Proposes Grade Change

In September the USDA announced a proposal to revise U.S. beef grading standards. The proposal would make it possible for slightly leaner beef to qualify for the top grades and make the "eating quality" of beef within each grade more nearly uniform. The proposal would also establish a more restrictive Good grade and require that all beef graded for quality also be graded for yield.

The major changes include:

Conformation would be eliminated from the factors used in determining quality grades.

All carcasses graded would be identified for both quality grade and yield grade.

For beef from cattle under 30 months of age, the minimum amount of marbling required in each grade, except Good, would be set at the level now required for the youngest carcasses that qualify as beef, instead of increasing with increasing maturity as at present. For beef from cattle over 30 months old, increased marbling would still be required with increased maturity.

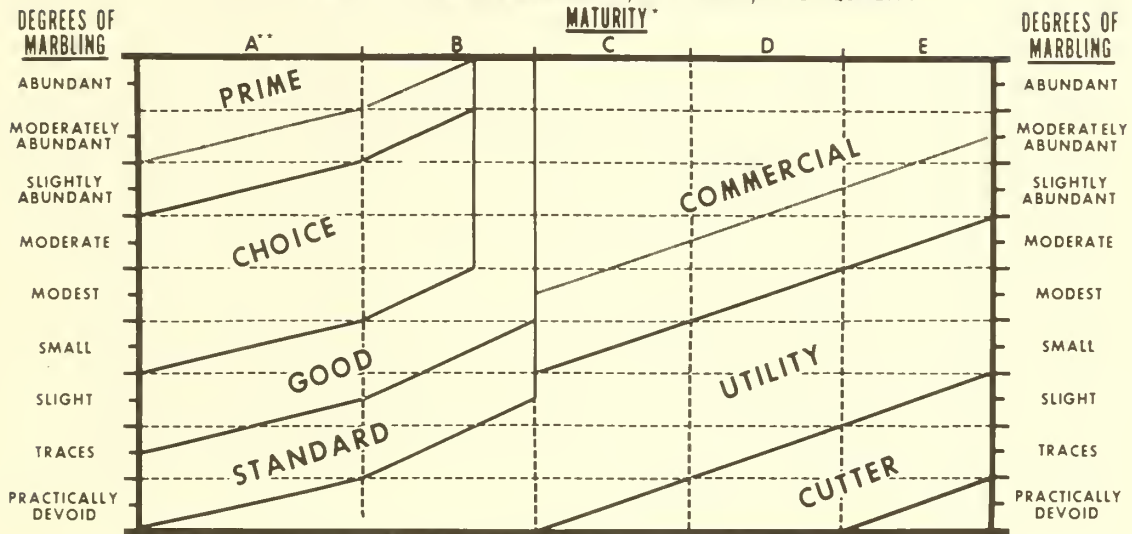
For the Good grade, the minimum marbling requirements would be increased for the youngest carcasses as shown on the accompanying charts. This would narrow the range of quality within the grade by one-third.

The proposed standards were published in the September 11 issue of the Federal Register. Copies of the proposal may be obtained from the Director, Livestock Division, Agricultural Marketing Services, U.S. Department of Agriculture, Washington, D.C. 20250.

Comments on the proposal are invited and will be accepted until December 10. Comments should be submitted, in duplicate, to the Office of the Hearing Clerk, Room 112, Administration Building, U.S. Department of Agriculture, Washington, D.C. 20250, where they will be available for public inspection.

(Current Standards)

RELATIONSHIP BETWEEN MARBLING, MATURITY, AND QUALITY



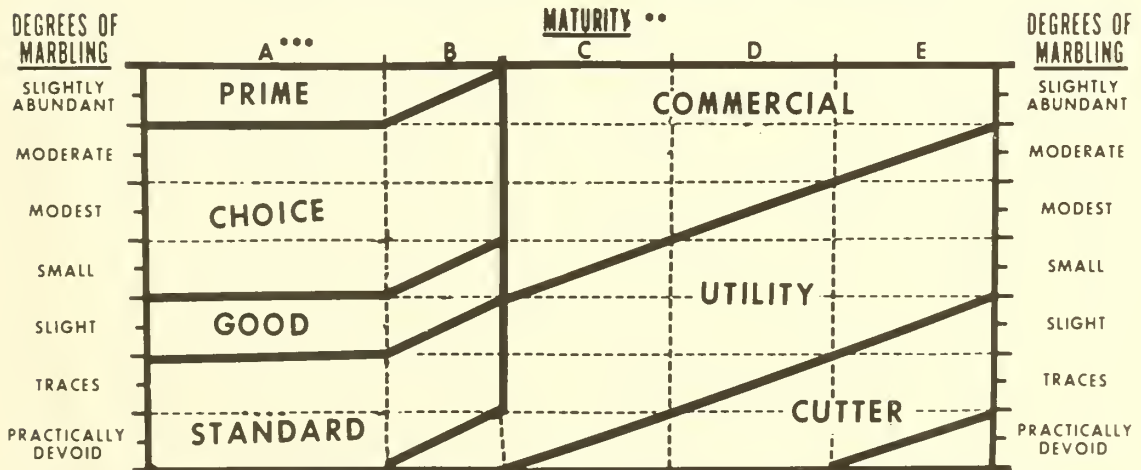
*Maturity increases from left to right (A through E)

**The A maturity portion of the Figure is the only portion applicable to bullock carcasses.

— represents midpoint of Prime and Commercial grades.

(Proposed Standards)

RELATIONSHIP BETWEEN MARBLING, MATURITY, AND CARCASS QUALITY GRADE



*Assumes that firmness of lean is comparably developed with the degree of marbling and that the carcass is not a "dark cutter."

**Maturity increases from left to right (A through E).

***The A maturity portion of the Figure is the only portion applicable to bullock carcasses.

BEEF AND PORK VALUES AND SPREADS

by
Allen J. Baker, ERS, CED

ABSTRACT: Another way of looking at the normally reported USDA price spread is to convert them to a whole animal basis. This article describes how to convert the retail price spreads into values and incorporates recent changes made to reflect increased transportation rates. The tables show the changes that have occurred over time.

Key Words: Beef values, pork values, gross spreads.

The USDA reports monthly the price spreads for beef and pork. These are calculated on an equivalent retail weight basis—the value of the quantity sold by farmers and packers that is required to produce one pound of retail cuts as sold by retailers. An alternative method of examining this data is to convert it to a live animal basis to see the value of the live animal at the farm, as a carcass and as retail cuts. This was done for a 1,000 pound steer (table A) and for a 200 pound barrow (table B).

The spreads are calculated on the basis of retail cuts excluding the variety meats such as heart, liver and other byproducts such as the hide. Since the feeder sells a whole animal, the amount he receives must be adjusted to exclude the value of these products in calculating the spreads. The net farm value represents the portion of the animal that corresponds to the carcass and retail cuts. The value of the byproducts plus net farm value of retail cuts equals the gross farm value or what the farmer actually receives for the live animal.

Tables A and B were developed by taking the retail values reported and multiplying by the pounds of meat sold at retail. For a 1,000 pound steer sold by the farmer, the carcass is assumed to weigh 620 pounds and the retailer sells 439.4 pounds after trimming and allowance for a 5 percent retail shrink. The market hog, which is sold by the farmer at 220 pounds, yields 119.5 pounds of wholesale cuts and 111.68 pounds sold at retail after allowance for a retail shrink of 5.5 percent. The retail shrink consists of physical shrink, spoilage, and pilferage.

The spreads or margins do not necessarily represent the return to any one particular marketing agency or middleman. They are the differences between prices at various points in the marketing system at the same time. From these spreads the marketing agencies operating between these points must pay their costs and derive their profit or loss. The prices for Choice steers represent the average price at 7 leading public stockyards and average quotations to California feeders and ranchers less a charge for transportation and marketing. The transportation and marketing charge was estimated to be \$7.56 in 1974. The wholesale value for beef is based on a weighted average of price quotations for a Choice grade carcass at Chicago and at Los Angeles, San Francisco and Seattle-Tacoma-Portland. The Chicago price, however, is used to represent all the United States except the West Coast and thus a transportation differential of \$1.05 in 1974 is added to move the meat to the city where consumed. The transportation differential averaged \$5.57 per head in 1974, after weighting for the number of steers based on the Chicago price.

The retail value of both beef and pork is calculated from prices published by the Bureau of Labor Statistics and prices reported by a group of retail food chains. The farm value of pork is based on the average price of barrows and gilts at 7 leading public stockyards less \$2.14 for transportation and marketing charges in 1974. The pork wholesale value is based on the average price of wholesale cuts at Chicago plus 1.35 cents for 1974 to represent the cost of moving the meat to the cities where it will be consumed. The per head transportation differential was \$1.60 in 1974.

Table A.—Farm to retail values and spreads, 1,000-pound Choice grade steer, 1970-74

	1970	1971	1972	1973	1973				1974	
					1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
Total of retail cuts (for 462.5 lbs. of cuts less 5% shrink equal 439.4 lbs. sold)	433	458	500	595	568	597	623	594	638	591
Total value of carcass (for 620 lb. carcass plus a transportation differential*)	300	333	352	431	418	440	464	405	457	411
Total farm value of 1,000 lb. steer (excluding transportation and marketing charges**)	291	318	351	439	424	451	485	397	446	391
Less farm value of byproducts	21	20	33	44	41	44	51	42	41	32
Net farm value	270	298	318	395	383	407	434	355	405	359
<u>Gross spread for beef sold:</u>										
Carcass-retail	133	125	148	164	150	157	159	189	181	180
Farm-carcass	30	35	34	36	35	33	30	50	52	52
Farm-retail	163	160	182	200	185	190	189	239	233	232

*Transportation differential added are: 1970—\$4.12, 1971—\$4.22, 1972—\$4.31, 1973—\$4.68 and 1974—\$5.57. **Transportation and marketing charges are: 1970—\$6.02, 1971—\$6.24, 1972—\$6.41, 1973—\$6.77 and 1974—\$7.56.

Table B.—Farm to retail values and spreads, 220 pound barrow or gilt, 1970-74

	1970	1971	1972	1973	1973				1974	
					1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
Total value of retail cuts (for 118.18 lbs. of cuts less 5.5% shrink equals 111.68 lbs. sold)	87	78	93	123	110	115	136	130	129	111
Total value of wholesale cuts (for 119.5 lbs. sold plus a transportation differential*)	66	58	73	98	89	89	114	98	91	74
Total farm value of 220 lb. barrow or gilt (excluding transportation and marketing charges**)	48	39	57	87	76	79	106	88	82	59
Less farm value of by products	4	3	4	7	5	7	10	8	8	6
Net farm value of 220 lb. barrow or gilt	44	36	53	80	71	72	96	80	74	53
<u>Gross spread for pork sold:</u>										
Wholesale-retail	21	20	20	25	21	26	22	32	37	37
Farm-wholesale	22	22	20	18	18	17	18	18	18	21
Farm-retail	43	42	40	43	39	43	40	50	55	58

*Transportation differential added is: 1970—\$1.09, 1971—\$1.12, 1972—\$1.16, 1973—\$1.28 and 1974—\$1.60. **Transportation and marketing charges are: 1970—\$1.75, 1971—\$1.81, 1972—\$1.86, 1973—\$1.95, and 1974—\$2.14.

1953 REVISITED

The following article is reprinted from the Livestock and Meat Situation published on August 31, 1953. The similarity of current conditions, and those of two decades ago are striking. Items in parenthesis indicate conditions as of August 31, 1974.

Two questions in the cattle outlook for this fall are: Will the cattle slaughter rate continue undiminished and hold down prices; and will slaughter and feeder demand sustain prices of grass cattle when marketings are at the fall high?

Numbers of fed cattle slaughtered will be decreasing seasonally this fall while slaughter of grass cattle will be increasing. Fed cattle have made up a large share of all cattle slaughtered to date. The glut (omit glut) of these cattle is about over. The number of cattle on feed at the start of this year was 16 percent above (6 percent below) a year earlier. By July 1 the increase (decrease) was down to 8 percent (21 percent). Prices of Choice and Prime steers stand a good chance to retain their present position through the fall.

As slaughter of fed cattle decreases, slaughter of grass cattle will increase and will be greater than last year. More grass cattle will be available, and somewhat fewer (more) than last fall will likely go into feedlots. Included in slaughter will be more steers and heifers and a great many more cows than last fall. However, cow slaughter is not expected to increase enough to cause a net reduction in cow numbers on farms.

Some of the grass cattle slaughtered this fall will be animals that moved out of dry areas to northern pastures earlier in the summer.

A part of the year's slaughter of grass cattle has already taken place. Partly because of the drought, large numbers of beef calves as well as a great many yearlings were sent to slaughter during the spring and summer. This early movement will help to prevent an extremely large fall slaughter.

Total cattle slaughter—fed and grass combined—will continue large this fall but appears unlikely to show as much seasonal increase as usual, or to be as far above last year as it has been in past months. The one factor that could add a seasonal increase in September to November to the present high slaughter level would be seriously poor fall pastures over wide areas. In late August (July)

pastures deteriorated in the Corn Belt, Southeast (Southwest) and some other places.

Prices of all the lower grades of cattle have declined more than prices of higher grades and are now low in relation to them. Feeder steers, cows, and lower grades of slaughter steers are 35-45 percent under a year ago: Prime and Choice steers are down 22-25 (about 10) percent. Choice feeder steers at Kansas City in 3 weeks of August were priced 22 (about 20) percent below Choice slaughter steers at Chicago (Omaha). In August last year they were 6 percent less (16 percent higher) and two years ago they were 3 (18) percent above Chicago (Omaha) slaughter steers. Utility slaughter sows at Chicago (Omaha) in August were 56 (48) percent below Choice steers. In the two previous Augusts, they were 42 (30) and 32 (27) percent below.

These changes in relationship between prices of cattle are characteristic of the cyclical transition from scarce to abundant supplies of cattle for slaughter. When slaughter is low and prices generally high, the lower grades are priced above an average relationship to the higher grades. When slaughter is large and prices low, the lower grades take the biggest percentage decline and fall to below an average relationship with top grades.

Low prices this fall for all cattle off grass thus are in line with past experience. More grass cattle are being produced and marketed this year. Neither slaughterers nor feeders have been eager to buy. Slaughterers find it difficult to market large quantities of grass beef except at low prices. Many consumers prefer grain fed beef, and in addition, the market for beef has come to be stratified into separate demands for various grades and kinds of products. A great many retailers in the larger cities specialize in Good or Choice grades. This division of the market for beef makes it difficult to adjust rapidly to a change in the quantity of any one kind of beef. Outlets for grass beef opened up sluggishly last fall (spring); they are probably doing so again this fall.

Also contributing to low prices for cattle off grass is a

weaker demand for feeder stock, which can be ascribed to several reasons: selling prices of fed cattle are lower; the price of feed is higher relative to the price of cattle; and feeders had a very unsatisfactory feeding season this past year.

Prices of grass cattle sank in June, bounced up in July, then fell again. In late August they were nearly down to their June lows. It is possible that present prices are at a point feeders believe they can afford to buy cattle and stand a reasonable chance of making a profit. If so, the trend may be fairly level through the rest of the fall marketing season.

The main condition for earning profits in cattle feeding is that the selling price for fed cattle provide sufficient margin over the price paid for feeder stock. Big profits or losses in feeding have usually been caused by unexpected changes in selling prices of fed cattle.

In the fall of a year ago, cattle feeders bought feeder steers at prices almost \$9.00 per 100 pounds below (\$6 above) the prices of late 1951 (1972). This reduction (increase) seemed to give a good opportunity to realize profits, even (only) if prices of fed cattle should be reduced (increased) moderately. But prices of fed cattle fell drastically, averaging \$11 (\$6.50) lower this spring than a year before. Most feeders failed to make a profit.

The decline in prices for fed steers this past year was largely the result of a sharp increase in the number of cattle slaughtered. For several years more cattle were raised than were marketed, and cattle inventories were built up rapidly to a record high. Once started, marketings expanded fast and caused severe price breaks. Poor range and pasture conditions over much of the South and West have accentuated the movement to market.

For several years the price of cattle has been high to the relative price of feed. Over the past year cattle prices have come down more than feed prices.

The higher price of feed relative to the price of cattle is having several effects. It is one cause for greater declines in prices of feeder steers than for fed steers. It results also in changing price relationships between various grades of feeders. Prices in August reveal that Choice yearlings at Kansas City are down 37 (40) percent from last August while steer calves are 39 (49) percent lower. Inasmuch as cost of gain is now higher relative to the selling price, profits are not to be made simply by putting weight gain on any kind of animal. For this reason light weight cattle are now priced lower relative to prices of top quality yearlings than in other years.

Another change that will result is that cattle will not be fed to as high a grade. Of Corn Belt steers received at Chicago (Omaha) from January to July, 65 (74) percent were Choice or Prime. With feed costing more relative to the price of cattle, not as great a percentage will be fed to so high a grade next year.

Several signs reveal a lack of confidence in the price outlook for meat animals. Each by itself would not be

significant, but taken together they suggest that live-stock producers are apprehensive both as to the short-term and long-term future.

It seems that livestock producers are in a let-down following the big demand and high prices that followed the Korean outbreak (Vietnam war era) in June 1950 (of 1970-1972). After World War II (and Korea) they took a similar course. Cattlemen especially retrenched sharply then, sometimes selling cattle to their later regret, while hog producers also stayed at a low level of output.

The sudden increases in meat supplies this year and sharp declines in cattle prices doubtless are influences. Present cattle prices are discouraging in comparison with several boom years just past. Knowing that the Nation's cattle herd is still record large, cattlemen find it hard to develop much enthusiasm.

In any period such as this it is difficult to know when a turning point has been reached. Almost always each wave, whether of optimism or of pessimism, carries higher and longer than it should. As events turned out farmers need not have retrenched the way they did after the end of World War II (and Korea). Adjustments in cattle marketings and prices this year have already gone far, much further than was expected at the beginning of the year.

Emergency Loans

"Under Public Law 115 (93-357), emergency livestock loans will be available (guaranteed) to established producers and feeders of cattle, sheep and goats (and hogs) who have a reasonable chance of working out of their difficulties but cannot obtain funds they need from private or cooperative credit sources. Loans will not be made to enable a man to go into the livestock business or to carry on commercial feedlot operations" (omit commercial operations).

The special livestock loans will be made at 5 percent (market rate) interest for periods up to 3 years (5 years) for the purchase of feed, seed, and other operating expenses.

Beef Promotion Campaign

Retailers and wholesalers and other meat and livestock groups, have been asked to step up about mid-September (mid-August) their campaign to promote consumption of beef (and reduce margins). They will give special emphasis to the lower priced cuts. The present program began about the middle of August and follows the lines worked out with the Department of Agriculture to assist in moving the large supplies of beef being produced and likely to continue during the height of the grass cattle marketing season this fall.

A general promotional campaign had been carried on by the Government (beef industry) in cooperation with industry (the Government) since late winter (last fall) when a big supply of beef from fed cattle began moving into consumption.

Table 8.—Meat subject to U.S. import quota restriction: Product weight of imports by months, average 1959-63, 1964-74

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1959-63 average	47.3	49.6	57.5	54.3	48.5	58.6	67.1	84.1	76.1	61.6	56.1	61.4	722.2
1964.....	87.2	44.9	68.9	61.4	51.1	98.1	43.7	79.5	49.6	46.4	55.7	53.4	739.9
1965.....	28.2	34.5	68.7	32.4	52.3	41.9	58.5	59.9	62.2	64.4	57.2	53.7	613.9
1966.....	51.4	60.3	49.4	63.3	52.0	100.2	61.4	87.1	91.5	79.7	61.1	66.0	823.4
1967.....	77.4	58.5	61.9	58.8	51.5	69.6	88.7	92.2	89.8	91.8	82.3	72.4	894.9
1968.....	80.7	72.6	64.1	78.4	56.1	105.1	86.4	108.6	115.5	102.1	95.8	35.6	1,001.0
1969 ¹	41.9	50.4	136.1	90.0	80.5	85.7	107.1	141.8	121.4	108.4	51.4	69.4	1,084.1
1970 ¹	124.5	100.7	112.0	88.7	62.1	93.4	110.0	113.0	107.6	89.3	79.3	89.8	1,170.4
1971 ¹	83.4	65.1	88.3	86.2	76.8	101.0	94.4	104.9	158.6	80.4	63.2	130.3	1,132.6
1972 ¹	86.9	80.8	75.4	105.4	107.9	106.4	106.8	164.6	163.8	145.1	119.0	93.4	1,355.5
1973 ¹	106.2	98.4	88.3	97.9	113.1	91.5	105.9	153.7	110.3	150.0	130.0	109.1	1,354.4
1974.....	118.0	82.3	104.9	91.4	80.6	78.6	59.4	101.4					

¹ Rejections for calendar year 1969 equaled 13.5 million pounds, 17.4 million pounds for 1970, 21.0 million pounds for

1971, 17.8 million pounds for 1972, and 18.4 million pounds for 1973.

Table 9.—U.S. meat imports and exports and percentage comparisons (carcass weight), 1973 and 1974

Months	Beef and veal			Lamb and mutton ¹			Pork			Total meat		
	1973	1974	Change	1973	1974	Change	1973	1974	Change	1973	1974	Change
	Mil. lb.	Mil. lb.	Pct.	Mil. lb.	Mil. lb.	Pct.	Mil. lb.	Mil. lb.	Pct.	Mil. lb.	Mil. lb.	Pct.
IMPORTS												
January.....	167	178	+7	4	1	-67	44	43	-3	215	222	+4
February.....	148	127	-14	7	3	-58	39	47	+20	194	177	-9
March.....	128	163	+27	8	4	-52	37	52	+41	173	219	+27
April.....	141	137	-3	5	6	+16	48	43	-11	194	186	-4
May.....	163	125	-24	7	2	-74	48	39	-18	218	166	-24
June.....	139	129	-7	3	4	+13	45	29	-34	187	162	-13
July.....	160	99	-38	5	2	-65	38	33	-13	203	134	-34
August.....	227	161	-29	4	1	-78	42	25	-42	273	187	-32
September.....	169			2			38			209		
October.....	222			3			48			273		
November.....	192			3			46			241		
December.....	164			1			39			204		
Total.....	2,020			52			512			2,584		
EXPORTS												
January.....	6.50	9.57	+47	0.20	.35	+77	6.10	4.76	-22	12.80	14.68	+15
February.....	5.04	8.77	+74	.20	.26	+36	12.14	3.13	-74	17.38	12.16	-30
March.....	6.83	8.06	+18	.25	.34	+35	33.55	4.12	-88	40.63	12.52	-69
April.....	6.37	6.03	-5	.22	.41	+83	31.15	5.88	-81	37.74	12.32	-67
May.....	7.99	4.66	-42	.17	.22	+27	29.72	6.22	-79	37.88	11.10	-71
June.....	8.51	3.48	-59	.16	.22	+42	14.54	9.19	-37	23.21	12.89	-44
July.....	6.93	3.82	-45	.22	.41	+90	5.68	8.19	+44	12.83	12.42	-3
August.....	6.76	3.06	-55	.28	.24	-14	4.10	13.20	+222	11.14	16.50	+48
September.....	5.22			.21			6.03			11.46		
October.....	9.32			.25			13.96			23.53		
November.....	11.02			.32			8.68			20.02		
December.....	10.41			.26			5.43			16.10		
Total.....	90.90			2.74			171.08			264.72		

¹ Includes goat meat.

Selected marketing, slaughter and stock statistics for meat animals and meat

Item	Unit	1974					
		Mar.	Apr.	May	June	July	Aug.
Meat animal marketings							
Index number (1967-100)		109	113	122	105	105	116
7-State Cattle on Feed Report							
Number on feed	1,000 head	9,248	8,803	8,351	7,885	7,146	7,007
Placed on feed	1,000 head	1,182	1,192	1,085	806	1,212	1,140
Marketings	1,000 head	1,627	1,644	1,551	1,545	1,351	1,292
Slaughter under Federal inspection							
Number slaughtered							
Cattle	1,000 head	2,621	2,643	2,793	2,621	2,821	2,876
Steers	1,000 head	1,537	1,558	1,626	1,566	1,530	1,463
Heifers	1,000 head	595	600	659	611	682	727
Cows	1,000 head	422	437	449	386	538	609
Bulls and stags	1,000 head	47	48	59	58	71	77
Calves	1,000 head	180	172	167	137	164	202
Sheep and lambs	1,000 head	772	782	670	581	713	777
Hogs	1,000 head	6,568	6,867	7,077	5,894	5,722	6,363
Percentage sows	Percent	4	5	6	7	9	10
Average live weight per head							
Cattle	Pounds	1,077	1,069	1,077	1,074	1,052	1,039
Calves	Pounds	186	197	211	210	219	226
Sheep and lambs	Pounds	111	109	105	100	100	101
Hogs	Pounds	245	246	246	249	247	243
Average production							
Beef, per head	Pounds	655	648	647	651	634	625
Veal, per head	Pounds	112	116	120	123	128	128
Lamb and mutton, per head	Pounds	56	54	52	49	49	48
Pork, per head	Pounds	168	170	170	169	168	165
Pork, per 100 pounds live weight	Pounds	69	69	69	68	68	68
Lard, per head	Pounds	17	16	17	18	18	17
Lard, per 100 pounds live weight	Pounds	7	6	7	7	7	7
Total production							
Beef	Mil. lb.	1,711	1,707	1,802	1,700	1,784	1,791
Veal	Mil. lb.	20	20	20	17	21	26
Lamb and mutton	Mil. lb.	43	32	35	28	34	37
Pork	Mil. lb.	1,101	1,166	1,200	992	958	1,202
Lard	Mil. lb.	110	108	122	109	100	113
Commercial slaughter ¹							
Number slaughtered							
Cattle	1,000 head	2,872	2,898	3,050	2,865	3,105	3,168
Calves	1,000 head	212	204	205	175	215	260
Sheep and lambs	1,000 head	791	817	694	601	737	807
Hogs	1,000 head	6,943	7,280	7,479	6,269	6,098	6,747
Total production							
Beef	Mil. lb.	1,856	1,852	1,946	1,839	1,942	1,952
Veal	Mil. lb.	29	28	29	26	34	40
Lamb and mutton	Mil. lb.	44	43	36	29	36	39
Pork	Mil. lb.	1,159	1,228	1,262	1,050	1,016	1,104
Lard	Mil. lb.	114	113	127	113	105	117
Cold storage stocks first of month							
Beef	Mil. lb.	448	485	471	465	441	403
Veal	Mil. lb.	12	14	14	14	15	14
Lamb and mutton	Mil. lb.	12	14	14	17	16	16
Pork	Mil. lb.	307	351	405	412	354	292
Total meat and meat products ²	Mil. lb.	864	960	1,006	1,016	917	802

¹ Federally inspected and other commercial. ² Includes stocks of canned meats in cooler in addition to the meats listed.

Selected price statistics for meat animals and meat

Item	1974						
	Mar.	Apr.	May	June	July	Aug.	Sept.
	Dollars per 100 pounds						
CATTLE AND CALVES							
Beef steers, slaughter, Omaha							
Prime	42.43	41.96	40.29	37.42	45.07	48.94	42.65
Choice	42.36	41.18	40.04	37.33	43.98	47.23	41.41
Good	41.06	39.62	38.45	35.28	40.34	44.07	39.20
Standard	37.77	37.30	34.91	29.74	34.03	38.81	35.70
Utility	36.94	36.20	33.85	27.82	31.78	35.64	33.62
All grades	41.98	40.81	39.49	36.62	42.81	46.14	40.64
Choice 900-1100 pounds, California	44.19	44.62	43.98	39.69	45.92	48.38	41.00
Choice 900-1100 pounds, Colorado	41.83	41.61	41.29	38.16	45.30	48.15	41.56
Cows, Omaha							
Commercial	31.61	30.35	27.58	26.15	23.90	24.36	22.46
Utility	31.76	30.49	27.67	26.39	24.22	24.54	22.56
Cutter	30.04	28.92	26.08	25.00	22.85	23.08	21.04
Canner	28.04	27.26	24.39	23.04	21.25	21.45	19.48
Vealers, Choice, S. St. Paul	63.30	59.62	55.16	48.35	43.54	44.90	43.44
Stocker and feeder steers, Kansas City ¹	43.65	42.49	37.24	33.16	34.44	33.26	29.80
Price received by farmers							
Beef cattle	40.70	39.20	37.20	32.30	35.00	36.60	32.80
Cows	32.30	30.70	28.90	24.90	23.60	24.00	21.80
Steers and heifers	42.90	41.20	39.10	34.10	38.20	40.30	35.50
Calves	49.40	47.20	42.80	37.40	36.50	34.30	29.90
Beef steer-corn price ratio ²	15.2	16.4	15.7	13.7	13.4	13.0	11.7
HOGS							
Barrows and gilts, U.S. No. 1 and 2, Omaha							
180-200 pounds	---	---	---	---	---	---	---
200-220 pounds	35.73	32.25	28.24	29.89	38.05	38.86	36.21
220-240 pounds	35.73	32.22	28.13	29.78	38.08	39.04	36.48
Barrows and gilts, 7 markets ³	34.88	30.52	26.09	27.40	36.31	37.56	35.79
Sows, 7 markets ³	31.42	26.60	21.52	21.37	28.12	29.66	29.04
Price received by farmers	35.00	30.60	26.30	23.50	34.50	36.10	33.60
Hog-corn price ratio ⁴							
Omaha, barrows and gilts	12.5	12.1	10.2	10.0	11.2	10.5	10.3
Price received by farmers, all hogs	13.1	12.7	10.7	9.1	11.9	10.7	10.2
SHEEP AND LAMBS							
Sheep							
Slaughter ewes, Good, San Angelo	21.00	16.50	12.65	12.25	12.75	11.31	13.25
Price received by farmers	14.50	13.30	11.90	10.60	10.40	10.60	9.56
Lamb							
Slaughter, Choice, San Angelo	40.38	42.25	47.25	46.25	37.94	42.50	36.12
Feeder, Choice, San Angelo	34.19	41.46	42.00	37.08	31.25	32.58	30.15
Price received by farmers	35.80	37.40	41.50	43.50	38.20	38.00	32.70
ALL MEAT ANIMALS							
Index number price received by farmers (1967=100)	183	172	159	140	163	169	153
	Dollars per 100 pounds						
MEAT							
Wholesale, Chicago, Carlot							
Steer beef carcass, Choice, 600-700 pounds ...	67.62	65.84	66.13	62.18	71.53	73.92	67.00
Heifer beef, Choice, 500-600 pounds	66.20	64.77	64.71	61.32	70.52	73.22	65.70
Cow beef, Canner and Cutter	63.45	62.07	58.71	55.09	53.08	49.93	45.90
Lamb carcass, Choice and Prime, 45-55 pounds	76.75	74.75	90.30*	92.50	85.30	82.48	75.64
Fresh pork loins, 8-14 pounds	70.00	65.03	65.04	67.85	79.01	79.18	76.36
	Cents per pound						
Retail, United States average							
Beef, Choice grade	142.2	136.4	135.0	132.2	137.9	143.4	
Pork, retail cuts and sausage	111.8	104.7	99.4	93.7	103.7	108.7	
Lamb, Choice grade	139.3	137.3	136.5	130.0	143.5	142.4	
Index number all meats (BLS)							
Wholesale (1967=100)	160.1	151.9	147.5	135.7	165.0	169.1	
Retail (1967=100)	173.1	164.8	158.7	154.8	154.0	162.8	
Beef and veal	178.4	170.0	165.8	163.9	161.0	169.0	
Pork	169.0	158.2	148.8	141.2	145.9	158.8	

¹ Average all weights and grades. ² Bushels of No. 2 Yellow Corn equivalent in value to 100 pounds of slaughter steers sold out of first hands, Omaha, all grades. ³ St. Louis N.S.Y., Kansas

City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis. ⁴ Number bushels of corn equivalent in value to 100 pounds of live hogs.

Supply and distribution of commercially produced meat, by month, carcass weight

Meat and period	Supply			Distribution				
	Production	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Total	Per person ²
Beef:								
1973								
July	1,694	322	159	11	298	14	1,852	8.9
August	1,662	298	226	12	254	6	1,914	9.2
September	1,641	254	167	9	244	24	1,785	8.6
October	1,996	244	218	13	315	24	2,106	10.1
November	1,875	315	188	15	393	20	1,950	9.3
December	1,778	393	160	16	448	14	1,853	8.9
1974								
January	1,972	448	174	14	464	10	2,106	10.1
February	1,601	464	125	13	448	12	1,717	8.2
March	1,856	448	160	12	485	13	1,954	9.4
April	1,852	485	136	10	471	14	1,978	9.5
May	1,946	471	123	8	465	13	2,054	9.8
June	1,839	465	126	8	441	9	1,972	9.4
July	1,942	441	98	9	403	⁴ 10	2,059	9.8
August	1,952	403	159					
Veal:								
1973								
July	24	11	1	(³)	10	(³)	26	.1
August	25	10	1	(³)	8	(³)	27	.1
September	24	8	2	(³)	8	(³)	26	.1
October	28	8	4	1	9	(³)	30	.2
November	28	9	4	1	10	(³)	30	.1
December	24	10	4	1	12	1	24	.1
1974								
January	29	12	4	1	12	(³)	32	.2
February	25	12	2	1	12	(³)	26	.1
March	29	12	4	1	14	1	29	.1
April	28	14	2	1	14	(³)	29	.1
May	29	14	2	1	14	1	29	.1
June	26	14	2	1	15	1	25	.1
July	34	15	1	1	14	⁴ 1	34	.1
August	40	14	2					
Lamb & Mutton:								
1973								
July	43	16	5	(³)	14	(³)	50	.3
August	44	14	4	(³)	13	(³)	49	.2
September	41	13	2	1	13	(³)	42	.2
October	49	13	3	1	16	(³)	48	.2
November	40	16	3	(³)	15	(³)	44	.2
December	34	15	1	1	15	(³)	34	.1
1974								
January	41	15	1	1	12	(³)	44	.2
February	34	12	3	(³)	12	(³)	37	.2
March	44	12	4	1	14	(³)	45	.2
April	43	14	6	(³)	14	(³)	49	.2
May	36	14	2	(³)	17	(³)	35	.2
June	29	17	4	1	16	(³)	33	.2
July	36	16	2	1	16	(³)	37	.2
August	39	16	1					
Pork:								
1973								
July	889	252	38	12	203	6	960	4.6
August	973	203	42	11	179	15	1,011	4.9
September	929	179	38	13	196	10	927	4.4
October	1,152	196	48	21	224	9	1,142	5.5
November	1,137	224	46	16	277	6	1,108	5.3
December	1,058	277	39	16	286	6	1,066	5.1
1974								
January	1,212	286	43	14	303	6	1,218	5.8
February	999	303	47	9	307	6	1,027	4.9
March	1,159	307	52	11	351	8	1,148	5.5
April	1,228	351	42	13	405	8	1,195	5.7
May	1,262	405	39	13	412	7	1,274	6.1
June	1,050	412	30	19	354	¹³	1,106	5.3
July	1,016	354	33	14	292	⁴ 12	1,085	5.2
August	1,104	292	25					
Total Meat:								
1973								
July	2,650	601	203	23	525	20	2,886	13.9
August	2,704	525	273	24	454	21	3,003	14.4
September	2,635	454	209	23	461	34	2,780	13.3
October	3,225	461	273	36	564	33	3,326	16.0
November	3,080	564	241	32	695	26	3,132	14.9
December	2,894	695	204	34	761	21	2,977	14.2
1974								
January	3,254	761	222	30	791	16	3,400	16.3
February	2,659	791	177	23	779	18	2,807	13.4
March	3,088	779	220	25	864	22	3,176	15.2
April	3,151	864	186	24	904	22	3,251	15.5
May	3,273	904	166	22	908	21	3,392	16.2
June	2,944	908	162	29	826	²³	3,136	15.0
July	3,028	826	134	25	725	⁴ 23	3,215	15.3
August	3,135	725	187					

¹ Excludes production from farm slaughter. ² Derived from estimates by months of population eating out of civilian food supplies.³ Less than 500,000 pounds. ⁴ Estimated.

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